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CONFIDENTIAL.

Further Correspondence respecting Turkey.

PART XXV.

[E 259/193/44] No. 1.

Mr. Morgan to Sir John Simon.—(*Received January* 13, 1933.)

(No. 428.)

Sir, *Angora, December* 29, 1932.

WITH reference to telegram No. 232 from His Majesty's High Commissioner in Cairo, repeated in your telegram No. 34 of the 26th December, regarding the "fez" incident which had arisen between Turkey and Egypt, I have the honour to report that I yesterday took the occasion of a visit to Numan Bey, Under-Secretary of State for Foreign Affairs, to mention the matter in an unofficial manner. I disclaimed any wish to interfere in a matter concerning Turkey and Egypt, but said that, as the Turkish press had accused Great Britain of trying to embitter relations between Turkey and Egypt, I thought that he should know that His Majesty's Government sincerely desired that these two countries should live in harmony and that the present difference should be speedily settled.

2. Numan Bey hastened to exculpate His Majesty's Government, adding that his Government had never for a moment entertained the idea that His Majesty's Government had tried, or even thought of trying, to embroil his country with Egypt. I then said that it was the earnest hope of His Majesty's Government that the moderate and conciliatory reply which the Egyptian Government had just returned to the Turkish note would be considered as closing the "incident," and that Turkey would not indulge in any further correspondence or controversy. The newspaper storm having subsided, it would be easy to let the matter die a natural death. I went on to say that His Majesty's High Commissioner at Cairo had exercised a moderating influence on the Egyptian Government, and that the Turkish Government would now do well to accept the Egyptian reply as satisfactorily disposing of the whole question. Numan Bey said that he had heard both from the Turkish Chargé d'Affaires at Cairo and from the Ambassador in London of the admirable attitude taken up by the representatives of His Majesty's Government and of the way in which they had used their influence to settle the incident which had sprung from such small causes. The Turkish Government had not yet received the Egyptian reply, but it had that day received a telegram from its Chargé d'Affaires in Cairo, stating that he had received the Egyptian note and that its contents were satisfactory and could be considered as closing the incident. The Government would await the note in order to decide whether it endorsed Sevki Pasha's opinion of it, but Numan Bey thought it a foregone conclusion that the view of his Government would coincide with that of its representative in Cairo.

3. This morning the following communiqué appeared in the semi-official *Hakimiyeti Milliye* :—

"*The Egyptian Reply: Gratifying and Amicable End of 'Fez' Question.*

"We understand that the Egyptian Ministry for Foreign Affairs yesterday handed to the Turkish Chargé d'Affaires in Cairo its written reply. We learn that a summary of the reply has been telegraphed to Angora and that it has been well received in Angora circles, who are particularly pleased that a question which gave rise to an exchange of notes between the two Governments has been closed in the friendly fashion which the relations of the two countries demand. It is felt that public opinion on both sides will be very glad that the clouds which suddenly darkened the relations of the two sister nations have been entirely dissipated."

4. I am sending a copy of this despatch to His Majesty's High Commissioner at Cairo.

I have, &c.
JAMES MORGAN.

[E 261/261/44] No. 2.

Mr. Morgan to Sir John Simon.—(*Received January* 13, 1933.)

(No. 430.)
Sir, *Angora, December* 31, 1932.

WITH reference to my despatch No. 437 of the 27th December, 1931, I have the honour to transmit herewith the annual report on the heads of missions in Turkey in 1932.

2. The passages enclosed in brackets have been taken from previous reports.

I have, &c.
JAMES MORGAN.

Enclosure in No. 2.

Reports on Heads of Foreign Missions.

AMBASSADORS.

Russia.

(M. JACQUES SOURITZ, fully accredited Ambassador, presented his credentials on the 13th June, 1923. As soon as the reopening of diplomatic relations with His Majesty's Government was practically assured, M. Souritz made a point of showing his desire for renewing our personal relations, a desire to which I have willingly responded, for he is intelligent, his inner knowledge of the Turkish Government is probably better than that of any other diplomatist here, and it is always possible to discuss with him the questions dividing our two countries in an objective and reasonable manner.

As doyen of the Diplomatic Corps, M. Souritz is not altogether satisfactory, for his Government's desire to pose as Turkey's first and special friend precludes him from joining the other heads of missions in offering any unwelcome representations to the Turkish Government.

M. Souritz is married to a pleasant Russian *bourgeoise*, who has little or no bolshevism in her composition. 1929.)

Germany.

(Herr Rudolf Nadolny, fully accredited Ambassador, presented credentials on the 31st March, 1925. Herr Nadolny is little loved either by the Turks or his staff or his colleagues. His overbearing tactlessness estranges the Turks, his lack of consideration estranges his staff, while these qualities, added to a doubtful loyalty, naturally do not endear him to his colleagues. So far as Turkey is concerned, he will go down to history as one of the chief protagonists of new Angora, whither the German Embassy was officially transferred in December 1928. 1928.)

(Notwithstanding his vaunted enthusiasm for Angora, however, he seems to contrive to spend a very small proportion of the year there, and even then his entertaining is reduced to a minimum. 1930.)

France.

(Count Charles de Chambrun, fully accredited Ambassador, presented his credentials on the 28th September, 1928. During the succeeding two years relations have, thanks in no small measure to the efforts of M. de Chambrun, entered a phase of normal harmony, which is only disturbed under the occasional influence of such thorny problems as the debt question. 1930.)

(It was understood, on M. de Chambrun's arrival in this country, that he would spend the major part of his time in Angora. Nevertheless, he has tended to drift back to Constantinople, except when serious negotiations with the Turkish Government make his presence in Angora indispensable. The French Government have not yet embarked upon the construction of a proper Embassy at Angora.

(M. de Chambrun, who is unmarried, is a pleasant and cultivated colleague, who makes a point of doing service to the spirit of Anglo-French friendship. 1929.)

M. de Chambrun's stock has marked a further rise in consequence of the signing in October 1932 of Franco-Turkish agreements regarding Turco-Syrian properties and the management of the part of the Bagdad Railway lying in the Turco-Syrian frontier region; and an important share of the credit for the now greatly improved relations between France and Turkey is attributed to the Ambassador by the Turks themselves.

Japan.

Mr. Isaburo Yoshida, fully accredited Ambassador, presented his credentials on the 19th April, 1930. He is short, stout and jovial, speaks fair English, and is more forthcoming and straightforward than the majority of his compatriots. He left Turkey in January 1932, having been attached to the League of Nations Commission to Manchuria as assessor, and has not since returned, though still retaining the post of Ambassador.

Poland.

(M. Casimir Olszowski, fully accredited Ambassador, presented his credentials on the 8th October, 1930. M. Olszowski had previously been Minister at Angora, but the Legation was raised to the status of an Embassy on the 1st June, 1930. The new Embassy house was opened early in the year, and is, like the German Embassy, a haven of substantiality in an ocean of jerry-building. The large hospitality dispensed by the Ambassador and his lady have made it the principal social centre of Angora. At the end of the year it was rumoured that M. Olszowski was to be replaced by M. Wysocki from the Ministry for Foreign Affairs in Warsaw and transferred to Moscow. 1930.) (He succeeded, however, in averting this calamity. 1931.)

Afghanistan.

Sultan Ahmad Khan, fully accredited Ambassador, presented his credentials on the 28th March, 1931. He is short and somewhat ape-like in appearance, with a fixed grin revealing numerous gold teeth, speaks fair English, and shows himself very friendly to all and sundry.

Sultan Ahmed Khan is married, but his wife very seldom appears in non-Moslem society, and possesses no language but her own, though she is said to be learning French.

Persia.

(Mirza Sadik Khan Sadiki, formerly known as Musteshar-ed-Dowleh, fully accredited Ambassador, presented his credentials on the 28th March, 1931. He is a retiring but pleasant colleague, speaks French and Turkish, and possesses a dignity of manner in inverse ratio to his minute proportions.

He lost no time in moving into the colossal new Embassy building, which still lacks the road of approach long since promised by the Turkish Government, and has the distinction of being the largest and ugliest diplomatic house in Angora. 1931.)

United States of America.

Brigadier-General Charles Hitchcock Sherrill, fully accredited Ambassador, presented his credentials on the 20th May, 1932. As a representative of his country and as a colleague he falls lamentably short of his distinguished predecessor, Mr. Joseph Grew, now Ambassador at Tokyo, and the prospect of his recall in consequence of Mr. Hoover's defeat is one to which his colleagues look forward with equanimity. Turkish official circles will, however, be sorry to lose him, for he has, ever since his arrival, flattered the Gazi and the régime with a fulsomeness and assuidity of which only Americans of his type are capable. Mrs. Sherrill is the faithful echo of her husband in this respect. They have an unmarried daughter and a son who figures in the Diplomatic List as an attaché.

Italy.

Signor Vincenzo Lojacono, fully accredited Ambassador, presented his credentials on the 25th October, 1932. He is a Sicilian, and is understood to have been closely associated with Signor Mussolini from the early days of the Fascist movement. His manner is evidently modelled on that of the Duce, whom he somewhat resembles in face and figure. Both he and his wife are simple and domestic in their tastes, and seem to be mainly interested in their three young children.

MINISTERS.

Hungary.

(M. Tahy de Tahvar et Tarkeo, fully accredited Minister, presented his credentials on the 5th May, 1924.

M. de Tahy's impatience of the ways of the Turk does not diminish—1928), but Count Bethlen's visit to Angora in 1930 has smoothed off some of the sharper angles. 1931).

Switzerland.

(M. Henri Martin has been raised to the rank of Minister, and presented his credentials on the 11th November, 1928.

While in Angora M. Martin is invaluable for obtaining information on points of detail, and prides himself on the number of despatches which he writes to Berne. At Constantinople he is driven to circularise his colleagues; while on leave he breeds dogs in England. M. Martin would like to be taken for an Englishman. 1928.)

Greece.

(M. Spyridon Polykhroniadis, fully accredited Minister, presented his credentials on the 30th November, 1929.

Speaks English and is distinctly Anglophil, but too prone to engage in lengthy political discussions and to imagine that His Majesty's Government are as engrossed in Balkan politics as he is himself. His ideas seem, however, fundamentally sensible, and the successful culmination of Græco-Turkish negotiations this year would suggest that he is distinctly *persona grata* here. His wife, a Serbian lady, considerably younger than himself, whom he married just before leaving Belgrade, is an agreeable woman, who likewise speaks some English. Both are characterised, on the tennis court and at the bridge table, by an ardour somewhat out of proportion to their skill. They entertain very pleasantly. 1930), and have recently moved into a modern residence, more adequate, if less picturesque, than the old Turkish building in which the Legation was previously housed.

Roumania.

(M. P. Carp, fully accredited Minister, presented his credentials on the 20th May, 1930, and again on the 16th October, in consequence of the proclamation of Prince Carol as King of Roumania.

A friendly and insignificant-looking little man. His wife speaks fluent English, and is distinguished by a somewhat overwhelming affability and an inconvenient ardour for tennis. 1930.)

Egypt.

(Abdel Malek Hamza Bey, fully accredited Minister, presented his credentials on the 8th October, 1930. He was counsellor of the Egyptian Legation in London in 1929, and has been described by His Majesty's High Commissioner at Cairo as a leading lawyer and a clever and active young man, who, from extreme nationalism, has been converted to reasonable views, largely by contact with English people. He is extremely friendly, and speaks quite good English, but very little Turkish. Is apparently unmarried. 1930.)

Hamza Bey acquired very unwelcome notoriety in consequence of the Gazi's ordering him to remove his fez, which formed part of his uniform, after the official banquet on the evening of the 29th October, the Feast of the Republic. He naturally reported the incident to his Government, which sent the Turks a mildly-worded note asking for guarantees for the future. This raised a storm of Turkish denial and indignation, both official and journalistic, and the unoffending, unassuming and much-liked Minister is now under a cloud, and much upset by it all.

Norway.

(M. Sigurd Bentzon, fully accredited Minister, presented his letters of credence on the 8th October, 1930, the first Norwegian Minister to be accredited to Turkey. He is tall and distinguished looking, speaks perfect English, and has a charming and vivacious English wife, who more than holds her own with the younger women of the Diplomatic Corps, both for looks and general attractiveness. 1931.)

Denmark.

M. Peter Christian Schou, fully accredited Minister, presented his letters of credence on the 4th May, 1931.

Both he and his wife are pleasant and speak English well, but they only come to Angora, where they have no Legation, on very special occasions.

Brazil.

(M. D. de Pimentel Brandao, fully accredited Minister, presented his letters of credence on the 5th July, 1931, the first Brazilian representative to be accredited to Turkey. He speaks excellent French, having been *en poste* in Paris for years, and is pleasant company, though shy, as he himself confesses. 1931.)

Finland.

(M. Pontus Artti, fully accredited Minister, presented his credentials on the 12th November, 1931. He is the first Finnish representative to be accredited to Turkey. 1931.)

M. Artti is almost quite unknown in this country, which he has not revisited since. He is also Minister in Rome.

Sweden.

(M. Erik Boheman, fully accredited Minister, presented his credentials on the 30th November, 1931. He left Angora a few days afterwards for Geneva, where he is to represent his Government on the Disarmament Conference, and it seems probable that the extremely uncomfortable house leased, but never inhabited, by his predecessor in the former city will conduce to extensive periods of sojourn in the latter.

Though still in the thirties, M. Boheman has already had a brilliant career in the Swedish Foreign Office, where he became head of the Political Department in 1928. 1931.)

M. Boheman has now a pretty and charming young Swedish wife. Both speak excellent English, and are deservedly popular.

Netherlands.

(M. van Ketvich Verschuur, fully accredited Minister, presented his letters of credence on the 30th November 1931.)

He and his wife are pleasant, and speak good English, but are very little seen at Angora, where they have no Legation. M. Verschuur's health leaves much to be desired.

Iraq.

His Royal Highness the Emir Zeid, fully accredited Minister, presented his credentials on the 12th March, 1932. Son of the late King Hussein of the Hejaz, and brother of King Feisal of Iraq, the Emir Zeid is chiefly characterised by a complete absence of "side." He is still in the early thirties, short, swarthy, and somewhat insignificant in appearance, shy by nature, but pleasant and frank on further acquaintance. Studied agriculture for three years at Oxford, and speaks English well, also Turkish (perfectly) and French. Is unmarried.

Belgium.

M. Georges de Raymond, fully accredited Minister, presented his credentials on the 20th March, 1932. He is married, but is unaccompanied by his wife, who is understood to be a chronic invalid.

M. de Raymond is pleasant and easy to get on with.

Lithuania.

M. Jurgis Baltrusaitis, fully accredited Minister, presented his credentials on the 20th May, 1932. He left almost immediately, and has not since reappeared in Turkey, where he has no Legation and practically no interest. He is also Lithuanian Minister in Moscow.

Yugoslavia.

M. Miroslav Yankovitch, fully accredited Minister, presented his credentials on the 25th October, 1932, and is senior to his Spanish colleague by a few minutes. His appearance is distinctly in his favour, and, as his Government has recently acquired a more suitable house in Angora, he is likely to live less in Constantinople than his predecessor. He is married.

Spain.

M. Juan Manuel de Aristegui, fully accredited Minister, presented his credentials on the 25th October, 1932. He left for Constantinople not long afterwards, and is not likely to be seen much in Angora, where there is no Legation building. He is apparently unmarried, is pleasant and intelligent, and has a good knowledge of English and the English language. He is a career diplomat of the old régime and a practising Catholic, facts which have not interfered with his promotion.

CHARGÉS D'AFFAIRES.

Chile.

(M. Hector Briones Luco, the first Chilean diplomatic representative to be accredited to Turkey, arrived in this country in April to take up his duties as Chargé d'Affaires. 1929.) (Further than this nothing is known of him. 1930.)

Albania.

M. Nezir Leskovikou, Chargé d'Affaires *titulaire*, reopened the Albanian Legation at Angora on the 20th February, 1932. He was formerly consul-general in Constantinople, and subsequently Chargé d'Affaires in Sofia. He is a Moslem, pleasant and distinguished looking, but little seen except at receptions of the whole Diplomatic Corps. Speaks fluent French. He is married.

Austria.

M. Auguste Kral having retired in May 1932, the Legation has since been in charge of the counsellor, M. Norbert Bischoff.

Czechoslovakia.

M. Milos Kobr had no sooner returned with a different wife in the early autumn of 1932, than he departed for good in somewhat mysterious circumstances, leaving the Legation in charge of Dr. A. Berka, the first secretary.

Bulgaria.

M. Theodore Pavloff left in November 1932 for Sofia, to take up a post in the Ministry for Foreign Affairs, and the Legation is now in charge of the counsellor, M. Tihon Balamezov.

Vatican.

(Mgr. Carlo Margotti, titular Archbishop of Mesembria, succeeded Mgr. Rotta as Apostolic Delegate to Turkey in April 1930. He had previously been a member both of the Roman Congregation for the Eastern Churches and of the Papal Commission for Russia.

Unlike his predecessor, Mgr. Margotti has never called upon me, but a member of my staff who has met him reports that he is affable, somewhat boyish in appearance, and creates a favourable general impression. While not officially recognised by the "lay" Turkish Government, he nevertheless enjoys *de facto* diplomatic immunity. 1930.)

(Mgr. Margotti, in response to a hint conveyed by a leading Catholic member of the British colony, called on me during the past year, and enabled me personally to confirm the favourable impression referred to in last year's report. 1931.)

[E 265/193/44] No. 3.

Mr. Morgan to Sir John Simon.—(Received January 13.)

(No. 1.)

Sir, *Angora, January 2, 1933.*

IN continuation of my despatch No. 428 of the 29th December last, relative to the expected satisfactory settlement of the "fez" incident, I have the honour to report that at the Red Crescent Ball held at Angora on New Year's Eve the Egyptian Minister was summoned to the Gazi's presence and was kept for some time while the Gazi rallied him in friendly fashion on the "fez" question and assured him of his regard for his King and himself. It is now certain that the Turks are satisfied with the Egyptian reply to their note, and that the incident is regarded as definitely closed.

2. Yesterday's *Milliyet* contains a leading article by Mahmut Bey, Deputy for Siirt, in which the writer expresses satisfaction at the settlement of the "alleged" incident, and attributes it to the moderation and goodwill of the statesmen of both countries. He was in Europe, he states, when the question was first mentioned in the press, and happened to discuss it with two foreigners, one of them a great journalist and the other a well-known politician. They both maintained that this question had been raised, not by the Egyptian Government, but by the British Government, who had instigated the first Egyptian note. He did not agree with this view, and tried to explain to the two foreigners that relations between London and Angora were inspired, not merely by friendship of an official and political nature, but by mutual confidence and respect. Enquiries made after the writer's return to Turkey confirmed him in his view that His Majesty's Government, far from inciting the Egyptians, had done all they could in the way of conciliation.

3. I am sending a copy of this despatch to His Majesty's High Commissioner in Cairo.

I have, &c.
JAMES MORGAN.

[E 263/83/44] No. 4.

Mr. Morgan to Sir John Simon.— (Received January 13.)

(No. 2.)
Sir, *Angora, January 3, 1933.*

WITH reference to the Angora Chancery's letter to the Eastern Department of the 24th November, 1932, on the subject of negotiations between Turkey and Spain for the conclusion of a temporary commercial agreement, I have the honour to transmit to you the attached copy of the note which was addressed by the Spanish Minister to the Minister of Foreign Affairs on the 2nd November, 1932, and in which are set forth the conditions governing the commercial relations between the two countries, pending the conclusion of a Treaty of Commerce and Navigation.

2. It will be seen that the note provides for the introduction into Turkey of Spanish exports free of quota restrictions, provided that such exports do not exceed the amount of Turkish produce imported into Spain, and that such produce is not prohibited altogether. Similarly, Turkish exports are declared to be free of all restrictions in Spain, and exchange reserves will be allocated unconditionally to importers to meet their obligations in respect of Turkish produce. In addition, the terms of the note provide for the mutual grant of most-favoured-nation treatment.

3. This agreement entered into force on the 2nd November, 1932, the date of the exchange of notes, but a member of my staff has been informed by a secretary of the Spanish Legation that certain difficulties relating to exchange have caused some delay in the application of certain of the provisions.

4. I shall be grateful for your instructions as to whether it is considered by His Majesty's Government that the terms of this agreement constitute an act of discrimination and a consequent infringement of article 16 of the Anglo-Turkish Treaty of Commerce and Navigation, and whether it is desired that I should make representations to the Turkish Government on that account.

5. I am sending a copy of this despatch and its enclosure to His Majesty's Ambassador at Madrid.

I have, &c.
JAMES MORGAN.

Enclosure in No. 4.

Spanish Minister to Turkish Minister for Foreign Affairs.

M. le Ministre, *Ankara, le 2 novembre 1932.*

J'AI l'honneur de porter à la connaissance de votre Excellence qu'en attendant la mise en vigueur d'un traité de commerce et de navigation entre l'Espagne et la Turquie, le Gouvernement de la République espagnole consent à ce que le régime commercial entre les deux pays soit établi sur les conditions suivantes :

1. Les produits du sol et de l'industrie originaires d'Espagne, destinés soit à la consommation, soit à la réexpédition ou au transit, seront autorisés à entrer en Turquie librement et sans contingentement d'aucune sorte, tant que le chiffre des exportations de l'Espagne vers la Turquie ne dépassera pas celui des importations turques en Espagne.

2. Les mesures adoptées par la Turquie relativement aux restrictions pour l'achat de devises pour le payement des marchandises espagnoles—notamment le décret du 16 novembre 1931 et le Décret-Loi No. 5 de mai 1932—seront interprétées dans le sens que la Turquie facilitera, sans entraves, retards ni limitations quelconques, les devises nécessaires pour le payement des susdites marchandises espagnoles et ce jusqu'à concurrence d'un montant égal à la contre-valeur des marchandises que l'Espagne importera de la Turquie.

3. Le Gouvernement espagnol, de son côté, s'engage à ne pas établir de prohibitions, d'entrave, de contingentement ni de restrictions de devises à l'égard des marchandises que la Turquie importera en Espagne.

4. En outre, il demeure entendu que, jusqu'à la conclusion d'un accord commercial définitif, les produits qui seront importés du territoire de l'une des parties à destination du territoire de l'autre jouiront du traitement de la nation la plus favorisée, en ce qui concerne les droits de douane, intérieurs et le régime d'importation et commercial.

5. Il demeure également entendu que le traitement accordé aux marchandises espagnoles en Turquie et aux marchandises turques en Espagne sera égal à celui accordé à celles de l'Allemagne, de la France et de l'Italie, &c.

6. Les deux parties sont d'accord de ratifier, dans le plus bref délai possible, la Convention commerciale signée le 23 juillet 1931 entre l'Espagne et la Turquie et d'en modifier les articles 1 et 11, qui seront remplacés par des listes de produits de chaque pays respectivement.

7. Ces engagements seront valables pour une période d'un an et prolongés par tacite reconduction, à moins de dénonciation avec un préavis d'un mois.

8. Les conditions établies ci-haut entreront en vigueur à la date de l'échange des notes dont elles font l'objet.

Veuillez, &c.
ARISTEGUI.

[E 528/193/44] No. 5.

Sir G. Clerk to Sir John Simon.— (Received January 27.)

(No. 18.)
Sir, *Angora, January 16, 1933.*

WITH reference to Mr. Morgan's despatch No. 1 of the 2nd instant, regarding the settlement of the "fez" incident, I have the honour to report that in a leading article, which he published in his newspaper the *République* of the 9th January, Yunus Nadi Bey rejoices in the triumph of good sense which has brought about the satisfactory liquidation of this question and has restored the close friendship which binds the two sister nations. The Egyptian Government, he says, had the intelligence and the tact to view the question from the same angle as the Turks, basing their view on the natural logic of their solid friendship, so that both parties have emerged victoriously with equal honour.

2. The article concludes with a tribute to the attitude maintained by His Majesty's Government in the following terms :—

> "En soulignant avec joie et plaisir cet heureux résultat, qui doit être aussi, en somme, accueilli avec satisfaction pour la cause de la paix mondiale, nous estimons enfin que c'est pour nous un devoir d'ajouter que rien ne nous autorise à douter de la droiture des cercles officiels anglais et de l'amitié qu'ils portent aux deux parties intéressées."

3. In the course of a conversation which I had with the Minister for Foreign Affairs this afternoon, I expressed my appreciation of the manner in which the Turkish press had emphasised the correctness of the British attitude in the incident, for I was pretty sure that kind friends had not been lacking to hint that we had been stoking the fire on both sides, and I wondered if I was right in suspecting the hand of his Excellency, both in the statement quoted above, and in the reference in the leading article of the *Milliyet* (see Mr. Morgan's despatch No. 1 of the 2nd January). Tevfik Rüstü Bey smiled and said that both references had been practically dictated by him. Hamza Bey had told him of the good advice I had given immediately after the incident and he had heard from the Turkish Chargé d'Affaires in Egypt how helpful His Majesty's High Commissioner had been in Cairo. In fact he felt that it was Sir Percy Loraine's wise and friendly counsel which had been the decisive factor in bringing Sidki Pasha and King Fuad to see this trivial incident in its right perspective and thus let it be closed in a manner satisfactory to both parties. His Excellency had only refrained from transmitting his appreciation through His Majesty's Embassy because he intended to do so personally to you, when he had the pleasure of meeting you in Geneva, as he hoped shortly to do. The Minister for Foreign Affairs added that, as he had learnt that King Fuad and the Egyptian Government

considered that their dignity was a little hurt by the Turkish representative in Cairo not having higher rank than that of Chargé d'Affaires, the Turkish mission was to be headed by a Minister.

4. The Egyptian Minister came down from Angora the day before I left Constantinople for the capital and came to see me. He confirmed the account of the settlement of the incident given in Mr. Morgan's despatch No. 1, referred to above, but with regard to the allegations of British intrigue said that Tevfik Rüştü had spontaneously alluded to these reports and had said that for his part he was convinced that our attitude was entirely loyal to both parties. meaning, said Hamza Bey, just the reverse. I think that here Hamza Bey was being more oriental-minded than Tevfik Rüştü, whose opinion I believe was genuine, for although the Turkish press maintained that the "incident" only arose out of publicity given by the Egyptian papers to a distorted version published in a London journal (the *Daily Herald*), neither the London press as a whole nor British opinion, official or private, was calumniated. In any case Hamza Bey assumed me that he had at once expressed his full agreement with the view set forth by the Minister for Foreign Affairs, and had told his Excellency of the friendly advice I had given him immediately after the incident.

5. I am sending a copy of this despatch to His Majesty's High Commissioner in Cairo.

I have, &c.
GEORGE R. CLERK.

[E 534/534/44] No. 6.

Sir G. Clerk to Sir John Simon.—(Received January 27.)

(No. 20.) *Angora, January 21, 1933.*

Sir,

WITH reference to my despatch No. 53 of the 5th February, 1932, regarding the substitution of Turkish for Arabic in the mosques of this country, I have the honour to report that Arabic is in some measure coming again into its own. While an occasional amateur or professional Hafiz may still, if he likes, excite curiosity by reciting the Koran in Turkish, there is now no official objection to its being recited in the original tongue. Prayers, too, may be recited in Arabic.

2. This change is due to the present Director of Cults, who has great personal influence with the Gazi, and who represented to the President that the authorised Turkish version was not worthy of its original, nor seemly, and that it showed no signs of gaining favour or support. The Gazi agreed that people might revert to the Arabic text. This has given satisfaction to all.

3. The call to prayer is now heard either in Arabic or in a Turkish translation. Some muezzins content themselves with "Haydi namaza" (come to prayer). Whatever the language, there seems to be an increasing response, and Islam shows signs of strengthening its hold on the nation. It is true that the Government will not allow Moslem orders or sects to reunite, and that it is at present engaged in cutting down the number of mosques, and of the personnel of mosques, but it is not attempting to put an end to the Moslem religion. For instance, children in primary schools are taught religion and their prayers if they wish—and it appears that all do so wish. In regard to the mosques, it was found that many were not opened for the five times of prayer, or that they had scanty congregations, or were close to other and larger mosques. Unnecessary mosques will be closed, care being taken properly to protect historic or architectural monuments. The higher personnel of mosques will in future be chosen only from among those who hold a school diploma of some value, and will be paid by the "Evkaf" Department.

I have, &c.
GEORGE R. CLERK.

[E 616/616/34] No. 7.

Traité de Conciliation, de Règlement judiciaire et d'Arbitrage entre la Perse et la Turquie.—(Communicated by His Majesty's Legation at Tehran; Received January 31, 1933.)

SA Majesté impériale le Chah de Perse et le Président de la République turque, s'inspirant des heureuses relations d'amitié qui unissent leurs nations respectives; sincèrement désireux d'assurer, par des procédures pacifiques, le règlement des différends qui viendraient à surgir entre leurs pays; ont décidé de réaliser dans un traité leur intention commune et ont désigné pour leurs plénipotentiaires :

Sa Majesté impériale le Chah de Perse :

Son Altesse Mohammad Ali Khan Foroughi, Ministre des Affaires étrangères;

Le Président de la République turque :

Son Excellence le Dr. Tevfik Rüştü Bey, Ministre des Affaires étrangères;

Lesquels, dûment autorisés, ont convenu des dispositions suivantes :

ARTICLE 1er.

Les différends de toute nature qui viendraient à s'élever entre les hautes parties contractantes et qui n'auraient pu être résolus par voie diplomatique seront soumis aux procédures de conciliation, de règlement judiciaire ou d'arbitrage, dans les conditions fixées par le présent traité.

ARTICLE 2.

S'il s'agit d'un différend dont l'objet, d'après la législation intérieure de l'une des parties, relève de la compétence des autorités judiciaires, cette partie pourra s'opposer à ce que ce différend soit soumis aux diverses procédures prévues par le présent traité, avant qu'une décision définitive ait été rendue dans des délais raisonnables par l'autorité compétente.

ARTICLE 3.

Les deux parties contractantes s'engagent, toutes les fois qu'un différend s'élève entre elles, de quelque nature qu'il puisse être et qui ne sera pas résolu par voie diplomatique, à recourir à la procédure de conciliation telle qu'elle est prévue dans les articles ci-après.

ARTICLE 4.

Le différend sera porté devant une commission permanente ou spéciale de conciliation constituée par les deux parties.

ARTICLE 5.

La commission permanente de conciliation, qui sera constituée dans les six mois, sur la demande adressée par l'une des parties contractantes à l'autre, sera composée de trois membres qui seront désignés comme suit : les hautes parties contractantes nommeront chacune un commissaire choisi parmi leurs nationaux respectifs et désigneront d'un commun accord le président de la commission parmi les ressortissants de tierces Puissances. Le commissaire nommé en commun pourra être remplacé au cours de son mandat de l'accord des parties. Chaque partie pourra toujours, d'autre part, procéder au remplacement du commissaire nommé par elle. Nonobstant le remplacement, les commissaires resteront en fonction pour l'achèvement de leurs travaux en cours.

Il sera pourvu, dans le plus bref délai, aux vacances qui viendraient à se produire par suite de décès ou de démission ou de quelque autre empêchement, en suivant le mode fixé pour les nominations.

ARTICLE 6.

Si, lorsqu'il s'élève un différend, il n'existe pas une commission permanente de conciliation nommée par les parties, une commission spéciale sera constituée selon les conditions de nominations prévues à l'article précédent, pour l'examen du différend, à moins que les parties n'en décident autrement.

ARTICLE 7.

Si, dans le délai de trois mois à compter du jour où l'une des hautes parties contractantes aura notifié à l'autre son intention de recourir à la procédure de conciliation, la désignation d'un commun accord par les hautes parties contractantes du président de la commission n'est pas intervenue, le Président de la Confédération helvétique sera prié de procéder aux désignations nécessaires.

ARTICLE 8.

1. La commission de conciliation sera saisie, par voie de requête adressée au président, par les deux parties agissant d'un commun accord ou, à défaut, par l'une ou l'autre des parties.

2. La requête, après avoir exposé sommairement l'objet du litige, contiendra l'invitation à la commission de procéder à toutes mesures propres à conduire à une conciliation.

3. Si la requête émane d'une seule des parties, elle sera notifiée par celle-ci sans délai à l'autre partie.

ARTICLE 9.

1. Dans un délai de quinze jours à partir de la date où l'une des parties aura porté un différend devant une commission permanente de conciliation, chacune des parties pourra, pour l'examen de ce différend, remplacer son commissaire par une personne possédant une compétence spéciale dans la matière.

2. La partie qui usera de ce droit en fera immédiatement la notification à l'autre partie; celle-ci aura, dans ce cas, la faculté d'agir de même dans un délai de quinze jours à compter de la date où la notification lui sera parvenue.

ARTICLE 10.

La commission de conciliation se réunira, sauf accord contraire des parties, au lieu désigné par son président.

ARTICLE 11.

Les travaux de la commission de conciliation ne seront publics qu'en vertu d'une décision prise par la commission avec l'assentiment des parties.

ARTICLE 12.

1. A moins de stipulation contraire, la commission de conciliation réglera elle-même sa procédure qui, dans tous les cas, devra être contradictoire. En matière d'enquête, la commission, si elle ne décide autrement à l'unanimité, se conformera aux dispositions du titre III de la Convention de La Haye du 18 octobre 1907 pour le Règlement pacifique des Conflits internationaux.

2. Les parties seront représentées auprès de la commission de conciliation par des agents ayant mission de servir d'intermédiaires entre elles et la commission; elles pourront, en outre, se faire assister par des conseils et experts nommés par elles à cet effet et demander l'audition de toutes personnes dont le témoignage leur paraîtrait utile.

3. La commission aura, de son côté, la faculté de demander des explications orales aux agents, conseils et experts des deux parties, ainsi qu'à toutes personnes qu'elle jugerait utile de faire comparaître avec l'assentiment de leur Gouvernement.

ARTICLE 13.

Sauf accord contraire des parties, les décisions de la commission de conciliation seront prises à la majorité des voix et la commission ne pourra se prononcer sur le fond du différend que si tous les membres sont présents. Toutefois,

régulièrement avisées des séances de la commission, les hautes parties contractantes devront s'y faire représenter par leur commissaire ou, en cas d'empêchement de celui-ci, par un suppléant désigné dans les conditions prévues par l'article 5.

ARTICLE 14.

Les parties s'engagent à faciliter les travaux de la commission de conciliation et, en particulier, à lui fournir dans la plus large mesure possible tous les documents et informations utiles, ainsi qu'à user des moyens dont elles disposent pour lui permettre de procéder, sur leur territoire et selon leur législation, à la citation et à l'audition de témoins ou experts et à des transports sur les lieux.

ARTICLE 15.

1. Pendant la durée de leurs travaux, chacun des commissaires recevra une indemnité dont le montant sera arrêté de commun accord des parties, qui en supporteront chacune une part égale.

2. Les frais généraux occasionnés par le fonctionnement de la commission seront répartis de la même façon.

ARTICLE 16.

1. La commission de conciliation aura pour tâche d'élucider les questions en litige, de recueillir à cette fin toutes les informations utiles par voie d'enquête ou autrement et de s'efforcer de concilier les parties. Elle pourra, après examen de l'affaire, exposer aux parties les termes de l'arrangement qui lui paraîtraient convenables et leur impartir un délai pour se prononcer.

2. A la fin de ses travaux, la commission dressera un procès-verbal constatant, suivant le cas, soit que les parties se sont arrangées et, s'il y a lieu, les conditions de l'arrangement, soit que les parties n'ont pu être réconciliées. Le procès-verbal ne mentionnera pas si les décisions de la commission ont été prises ou non à l'unanimité.

3. Les travaux de la commission devront, à moins que les parties n'en conviennent autrement, être terminés dans un délai de six mois à compter du jour où la commission aura été saisie du différend.

ARTICLE 17.

Le procès-verbal de la commission sera porté sans délai à la connaissance des parties. Il appartient aux parties d'en décider la publication.

ARTICLE 18.

Si, dans le mois qui suivra la clôture des travaux de la commission de conciliation, les parties ne se sont pas entendues, on portera le différend devant la Cour permanente de Justice internationale, à moins que les deux parties ne tombent d'accord de recourir à l'arbitrage.

ARTICLE 19.

Les dispositions de l'article 18 ne s'appliquent point aux questions qui, en vertu des traités en vigueur entre les hautes parties contractantes, rentrent dans la compétence de l'une d'elles.

Elles ne s'appliquent également pas à celles qui se rapportent au droit de souveraineté.

Chacune des hautes parties contractantes aura le droit de déterminer elle-même, par une déclaration écrite, si une question relève du droit de souveraineté.

Toutefois, dans le cas où l'autre partie contesterait que cette question rentre dans le domaine de la souveraineté, elle pourra recourir à l'arbitrage pour faire établir si cette question relève ou non du droit de souveraineté.

ARTICLE 20.

Si les deux parties sont d'accord pour soumettre le différend à l'arbitrage, elles rédigeront un compromis dans lequel elles fixeront l'objet du litige, le choix des arbitres et la procédure à suivre.

A défaut d'indications ou de précisions suffisantes dans le compromis, les dispositions de la Convention de La Haye du 18 octobre 1907 pour le Règlement pacifique des Conflits internationaux s'appliqueront de plein droit.

ARTICLE 21.

A défaut d'accord entre les parties sur le compromis visé à l'article précédent ou à défaut de désignation d'arbitres et après un préavis de trois mois, l'une ou l'autre d'entre elles aura la faculté de porter directement, par voie de requête, le différend devant la Cour permanente de Justice internationale.

ARTICLE 22.

Si la sentence judiciaire ou arbitrale déclarait qu'une décision prise ou une mesure ordonnée par une autorité judiciaire ou toute autre autorité de l'une des parties se trouve entièrement ou partiellement en opposition avec le droit international, et si le droit constitutionnel de ladite partie ne permettait pas ou ne permettait qu'imparfaitement d'effacer les conséquences de cette décision ou de cette mesure, les parties conviennent qu'il devra être accordée, par la sentence judiciaire ou arbitrale, à la partie lésée une satisfaction équitable.

ARTICLE 23.

Si, un litige étant porté devant la Cour permanente de Justice internationale, celle-ci émet l'avis qu'il ne serait pas d'ordre juridique, les deux parties, en cas où elles ne s'accorderaient pas pour recourir à l'arbitrage, conviennent de demander à la Cour permanente de Justice internationale de trancher le différend *ex aequo et bono*, si une règle de droit international ne peut pas lui être appliquée.

ARTICLE 24.

1. Les parties s'engagent à s'abstenir de toute mesure susceptible d'avoir une répercussion préjudiciable à l'exécution de la décision judiciaire ou arbitrale ou aux arrangements proposés par la commission de conciliation et, en général, à ne procéder à aucun acte, de quelque nature qu'il soit, susceptible d'aggraver ou d'étendre le différend.

2. La commission de conciliation peut aussi recommander aux parties les mesures provisoires qu'elle estimera utiles.

ARTICLE 25

Les différends relatifs à l'interprétation ou à l'application du présent traité seront soumis à la Cour permanente de Justice internationale.

ARTICLE 26.

1. Le présent traité sera ratifié et l'échange des ratifications aura lieu à Ankara.

2. Le traité est conclu pour une durée de cinq ans à compter de la date de l'échange des ratifications.

3. S'il n'est pas dénoncé six mois au moins avant l'expiration de ce terme, il demeurera en vigueur pour une nouvelle période de cinq ans et ainsi de suite.

4. Nonobstant la dénonciation par l'une des parties contractantes, les procédures engagées au moment de l'expiration du terme du traité continueront jusqu'à leur achèvement normal.

En foi de quoi les plénipotentiaires susnommés ont signé le présent traité.

Fait en double exemplaire à Téhéran le 23 janvier 1932

M. A. FOROUGHI.
DR. T. RUSTU.

[E 827/533/44] No. 8.

Sir G. Clerk to Sir John Simon.—(Received February 10.)

(No. 43.)

Sir, *Angora, February 4, 1933.*

I HAVE the honour to report that a number of the leading personalities of Turkey, the Gazi included, have taken advantage of the present recess of the Grand National Assembly to undertake tours in various parts of the country for the purposes of inspecting the work of the provincial authorities, acquiring first-hand knowledge of the political and economic situation, and stimulating popular interest and co-operation in the work of the Government. The districts which are receiving the lion's share of attention are those situated in the south and west of Anatolia, halts being made at a number of towns whose importance is based above all on their commercial activities.

2. The Gazi's suite is composed of Celal Bey, the Minister of National Economy, Hikmet Bey, Secretary-General of the Presidency, five Deputies, among whom are Saffet Bey (Erzincan) and Ali Bey (Afyon Karahisar), the Inspector-General of the Is Bankasi (Business Bank), and three engineering experts, a combination which lends colour to the theory that the inquisition is designed to gauge the economic needs and resources of those districts which are being visited. At each town the programme of visits is very similar, such organisations as the vilayet offices, the municipality, the local headquarters of the Popular party, schools and hospitals being invariably inspected. So far the Gazi has visited Eskişehir, Brusa (where, on learning that a certain Lieutenant-Colonel Sidki claimed to have discovered a new atom, he promised to assist the colonel to publish a work on the subject and so help his candidature for the Nobel prize), Balikesir, Kütahya, Adana, Gazi Antep (this being the latest official variant of Aintab), Mersin, Antalya and Smyrna.

3. At Balikesir and Kütahya the Minister of National Economy received local delegations of merchants; that which met him at Balikesir represented the olive growers of Ayvalik and Edremit, and urged upon him the necessity for the establishment of a modern olive-oil refinery in the district. At Kütahya, Celal Bey discussed the production of sugar-beet for the sugar refinery which is to be established at Eskişehir, and the marketing of barley, eggs, fruit and minerals produced in the vicinity. Celal Bey has also made investigations on the question of the standardisation of Turkish export produce with a view to ensure that in the future markets are not lost through the tendency of Turkish merchants to supply foreign customers with goods that are far from being up to sample or specification. It is stated in the press that a special department will be set up in the Ministry of National Economy to regulate and enforce standardisation of exports. According to an article published in the semi-official newspaper *Hakimiyeti Milliye* of the 2nd February, other measures are likely to be applied on the basis of the Gazi's and Celal Bey's enquiries, notably the division of the country into a number of economic zones with suitable administrative organisations to deal with agricultural, industrial, and transport problems, on the principle of the co-ordination of common interests. The very thorough programme of inspection which the Minister is carrying out in Smyrna suggests that he is leaving no stone unturned to probe to the depth the problems which are at present besetting both the home and the export industries of the country. At the time of writing it is reported that the Gazi and Celal Bey will proceed from Smyrna to Manisa, Isparta and Burdur.

4. Ismet Pasha's activities have been concentrated in Southern Anatolia; he has visited Afyon Karahisar, Isparta and the town of Antalya as well as a number of kazas in that vilayet, establishing contact with the local organisations of the Popular party and enquiring about the agricultural situation. Both at Afyon Karahisar and at Antalya the occasion was marked by assurances of popular enthusiasm for the project which the Government is reported to be considering for the construction of a railway to connect these two towns, and it may be inferred that his Excellency must have derived no small measure of gratification therefrom in view of the criticism to which his ambitious railway policy has been subjected in the past. Ismet Pasha has taken the opportunity to impress upon his audiences at these places the importance of the political and cultural work of the *Halk Evi* or People's Houses, which are maintained throughout the country as centres for the furthering of the ideals of the Popular party.

5. The President of the Grand National Assembly, Kâzim Pasha, has carried out a similar programme in the neighbouring region, comprising the towns of Adana, Mersin and Konya, but in this case the mission is unlikely to produce any results of significance in the commercial sphere, Kâzim Pasha's attributes being mainly those of a magnet designed to attract political allegiance. Dr. Refik Bey, the Minister of Health, has visited Manisa in connexion with the forthcoming establishment of a modern hospital provided under the terms of the will of a certain Mr. Eskenazi, a native of Manisa, who died two or three years ago after amassing a fortune in the United States. Lastly, Ali Rana Bey, the Minister of Customs and Monopolies, accompanied by Seyfi Pasha, the commander of the recently-formed force of Customs Guards, has just set forth on a tour of the southern frontier where smuggling is still a source of concern to the Government.

6. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
GEORGE R. CLERK.

[E 829/178/44] No. 9.

Sir G. Clerk to Sir John Simon.—(Received February 10.)

(No. 45.)
Sir, *Angora, February 4, 1933.*

WITH reference to my despatch No. 70 of the 25th February, 1930, in which was enclosed a translation of a law for the control of exchange operations in Turkey, I have the honour to report that the period of three years, for which this law was to remain in force, has now been extended to five years, in accordance with the provisions of law No. 2100, which was voted on the 14th January, 1933, and published in the *Official Gazette* of the 23rd January.

2. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
GEORGE R. CLERK.

E 830 83/44] No. 10.

Sir G. Clerk to Sir John Simon.—(Received February 10.)

(No. 46.)
Sir, *Angora, February 4, 1933.*

WITH reference to Mr. Morgan's despatch No. 2 of the 3rd January, 1933, regarding the conclusion of a temporary commercial agreement between Turkey and Spain, I have the honour to transmit to you the attached copy of a ministerial decree, published in the *Official Gazette* of the 25th January last, by virtue of which the Council of Ministers has decided that, in view of the fact that the balance of trade between the United States and Turkey is in favour of the latter, and that there are no restrictions on the entry of Turkish goods into the United States, certain categories of goods of United States origin may be imported into Turkey, free of quota and other restrictions, within the limit of the value of present Turkish exports to the United States. A copy of the list of goods to which this decree relates is also enclosed.

2. The counsellor of His Majesty's Embassy has been informed by the counsellor of the United States Embassy that this decree is the outcome of a protest made by the United States Government against the Turco-Spanish agreement referred to above, on the ground that it was contrary to the most-favoured-nation treatment already assured to the United States. The action of the Turkish Government is therefore of a unilateral character, and there is no question of the conclusion of an agreement with the United States in this connexion.

3. It will be observed that a large section of the list attached to the decree relates to motor cars and their component parts; more than three-fourths of the motor cars sold in Turkey in recent years have been of American manufacture, and the quota restrictions have hit American interests very hard. Quota

exemption has been granted to practically the whole range of cotton yarns and manufactures, with the exception of cotton thread for retail sale and certain fine quality bleached goods in which the United Kingdom is chiefly interested. It appears doubtful, however, whether the United States will be able to turn this concession to much account in so far as cotton yarns and manufactures are concerned, since, in the opinion of local buyers, the prices demanded for them will exceed those of similar European and Japanese products, even if the latter have to pay export premiums under the compensation system.

4. Imports into Turkey from the United States during the first eleven months of 1932 amounted in value to £T. 2,031,215, whilst the value of Turkish exports to the United States was £T. 8,461,903. During the corresponding period of 1931 the import and export figures were £T. 3,930,214 and £T. 9,711,101 respectively.

5. I am sending a copy of this despatch and its enclosures to His Majesty's Ambassador in Washington and to the Department of Overseas Trade.

I have &c.
GEORGE R. CLERK.

Enclosure 1 in No. 10.

Décret 13757.

LE mouvement des échanges commerciaux entre l'Amérique et la Turquie étant en faveur de cette dernière et, d'autre part, des restrictions n'existant pas en Amérique sur les importations des marchandises turques, le Conseil des Ministres a, sur la proposition des Ministères des Affaires étrangères et de l'Economie, décidé, dans sa réunion du 14 janvier 1933, d'adopter à l'égard de ce pays le principe de l'équilibre des échanges et d'autoriser ce pays à importer en Turquie, suivant une liste qui sera établie à cet effet, des marchandises, librement et hors contingentement, marchandises dont la limite maxima sera représentée par la contre-valeur des exportations faites en Amérique.

(Signature du Président de la République et des Ministres.)

Le 14 janvier 1933

Enclosure 2 in No. 10.

List of Goods.

Numéro du Tarif.	Nature.	Observations
78 a	Cuir artificiel	Seulement ceci.
132 b	Fil de soie artificielle	.. ..
143 a, b	Articles de bonneterie, de soie pure et de soie artificielle	.. ..
353 a, b	Réclames	.. ..
366 a, b, c	Fils de coton non blanchi, à un bout ...	.. ..
367 a, b, c	Fils de coton non blanchi, tordu ...	.. ..
368 a, b, c	Fils de coton blanchi	.. ..
369 a, b, c	Fils de coton teint, estampé	.. ..
370 a, b, c	Fils de coton mercerisé	.. ..
377 a, b, c	Tissus de coton non blanchi	.. ..
378 a, b, c, d	Tissus de coton blanchis	.. ..
381 a, b, c, d	Tissus de coton teints, estampés, &c. ...	.. ..
446 a, b, c	Tissus élastiques, tissus trempés dans le caoutchouc	.. ..
448	Ouvrages en caoutchouc	.. ..
447 a, b	Chaussures de toutes sortes	.. ..
449	Tissus élastiques non denommés dans le tarif	.. ..
447 c	Matériaux de construction (pour la toiture)	. ..

Numéro du Tarif.	Nature.	Observations
616	Appareils de cinématographie et de projection	Seulement ceci
617 a	Films vierges (non exposés)	.. ..
617 b	Films pleins (exposés), films de cinéma	.. ..
619	Radio et ses accessoires	.. ..
634	Hauts-parleurs	.. ..
651 a b c d e f	Moteurs de toutes sortes (moteurs électriques exclus, moteurs outboard inclus)	.. ..
652 a, b, c, d, e, f	Moteurs électriques	.. ..
653 a	Accumulateurs	.. ..
653 c	Accumulateurs secs	.. ..
666 a, b, c, d, e, f	Machines pour la compression de l'air, machines à glace électriques	.. ..
665	Pompes de toutes espèces	.. ..
667 a 2	Automobiles pour passagers (pesant de 901 à 1,300 kilog.)	.. ..
667 a 3	Automobiles pour passagers (pesant de 1,301 à 1,740 kilog.)	.. ..
679 b	Motocyclettes	.. ..
702 a, b, c, d, e	Couleurs minérales	.. ..
704 a 1, 2, 3	Couleurs minérales préparées pour l'industrie	.. ..
b 1, 2, 3	Couleurs minérales préparées pour l'industrie	.. ..
c 1, 2, 3	Couleurs minérales préparées pour l'industrie	.. ..
709 a, b	Vernis	.. ..
861	Matières soumises à l'imposition de 40 pour cent *ad valorem* et non mentionnées dans le tarif	.. ..
389	Balata d'amortisseur	.. ..
444	Solution de caoutchouc	.. ..
446 c	Repiéçage	.. ..
449	Bande isolée	.. ..
477 d	Courroie de ventilateur	.. ..
e	Balata de frein	.. ..
545 d	Balata de débrayage	.. ..
528 b 1	Verre de lanterne	.. ..
530	Chaine de patinage	.. ..
533	Ressorts, roues et autres parties de camions	.. ..
558 c 1	Clavettes et boulons de fer	.. ..
565 b	Câble complet	.. ..
562	Câble en cuivre pour moteur	.. ..
652 a, c, d, e, f	Rivets en cuivre	.. ..
655	Bougies, carburateurs, distributeurs, magnétos, &c.	.. ..
666 a	Parties de machines (magnétos, distributeurs, &c.)	.. ..
667 c	Crics	.. ..
305 c	Pièces d'autos de tourisme	.. ..
680	Bouchons en liège	.. ..
476 a, b	Phares d'automobiles	.. ..
505	Pâte et poudre d'émeri	.. ..
538 a, b 1, 2 c d e f 1 2	Ampoules de lampes	.. ..
	Outils et ustensiles à main	.. ..

[E 1052/83/44] No. 11.

Sir G. Clerk to Sir John Simon.—(Received February 24.)

(No. 55.)

Sir, *Angora, February 15, 1933.*

IN your despatch No. 22 of the 26th January, 1933, regarding Turkish compensation agreements with foreign countries a reference is made to a report which the Board of Trade expects to receive from the commercial secretary to this Embassy. The report is one which is called for in an Eastern Department letter of the 28th July, 1932, to the Chancery, Angora, and which, on account of the obscurity of the situation, could not, as explained by the Chancery to the Department in a letter of the 6th August, 1932, be furnished at that time.

2. As will be seen from previous correspondence, the report was to contain, among other things, information which would help the Board of Trade to decide whether compensation agreements made by Turkey square with Turkey's obligations under article 16 of the Anglo-Turkish Commercial Treaty of 1930. It was particularly important to know whether a compensation agreement between Turkey and "some other country" (France) relieved French goods from Turkish quota restrictions (see letter of the 22nd July, 1932, from Mr. Jenkins, Board of Trade, enclosed in Eastern Department's letter of the 28th July, 1932).

3. The report was also to contain observations on two points touched on in Mr. Baxter's letter of the 20th July, 1932, to Mr. Jenkins (also enclosed in the above departmental letter), namely:—

(*a*) Upon what principles do the Turkish control authorities authorise or refuse the issue of foreign currency? and.

(*b*) What, if any, effect the "compensation" system will have on future applications by Turkish importers of British goods when they desire to obtain sterling?

4. I now enclose a copy of a memorandum by the acting commercial secretary in which he supplies the required information. It will be seen that the proposed Turco-French agreement has, as yet, come to nothing. On the other hand, a Turco-Spanish agreement—a copy of which was enclosed in my despatch No. 2 of the 3rd January, 1933—provides that, within certain limits, Spanish goods may enter Turkey free from quota restrictions. A similar—but unsought-for—favour has been accorded to the United States Government (see my despatch No. 46 of the 4th February, 1933). These two instruments, no doubt, supply the information for which the Board of Trade is waiting, and Mr. Roberts's full comments on the whole subject at issue will be of value to the Board in any further consideration of the situation.

5. The two points raised by the Eastern Department in regard to exchange, and described above in paragraph 3, are touched on in section III of Mr. Roberts's memorandum.

6. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
GEORGE R. CLERK.

Enclosure in No. 11.

Memorandum.

I.

BEFORE reviewing the question as to whether compensation agreements made by Turkey with certain countries square with Turkey's obligations under article 16 of the Anglo-Turkish Commercial Treaty of 1930, it will, I think, be useful to summarise in this memorandum the actual position in regard to the

agreements or arrangements which have been concluded and to examine the point of view of certain other countries whose position is approximately on all fours with that of the United Kingdom.

Turco-Spanish Agreement (Embassy despatch to Foreign Office, No. 2 of January 3, 1933).

The commercial exchanges between these two countries were greatly in favour of Turkey, Spanish exports to Turkey being negligible. The incentive to a readjustment of the commercial balance was not, in this case, the desire of Spain to open up a new market, but the alarm felt by the Turkish Government at the exchange restrictions imposed by the Spanish Government, which reacted against Turkish exporters. In return for the removal of these restrictions, goods of Spanish origin and manufacture are allowed into Turkey free of all quota restrictions, provided that such exports do not exceed the amount of Turkish produce imported into Spain and that the importation in Turkey of such produce is not prohibited altogether.

I understand that the Turkish Government is already regretting the precipitancy of its action, as the interests of local industries were overlooked and a precedent was created which might be embarrassing to the Turkish Government if the same treatment were demanded by other countries whose commercial exchanges are in favour of Turkey.

Arrangement with United States of America (Embassy despatch to Foreign Office, No. 46 of February 4, 1933).

By a ministerial decree, published in the *Official Gazette* of the 25th January last, the Turkish Council of Ministers decided that, in view of the fact that the balance of trade between the United States and Turkey is in favour of the latter, and that there are no restrictions on the entry of Turkish goods into the United States, certain categories of goods of United States origin may be imported into Turkey, free of quota and other restrictions, within the limit of the value of present Turkish exports to the United States.

This decree is the outcome of a protest made by the United States Government against the Turco-Spanish agreement, on the ground that it was contrary to the most-favoured-nation treatment assured to the United States.

In reply to this protest, I understand from Mr. Gillespie, the commercial attaché to the United States Embassy, that the Turkish Government offered to conclude a "clearing house" agreement with the United States.

This proposal was declined by Washington, on the ground that it was contrary to the ordinary commercial practice of the United States, and that American banks would probably be unwilling to co-operate in a scheme of this nature.

In an endeavour to meet the situation arising from the protest of the United States, which imports from Turkey more than four times the amount of goods she exports to Turkey, the decree under reference was drawn up by the Council of Ministers, without any reference to the United States Embassy.

Mr. Gillespie has informed me, confidentially, that he himself is very dissatisfied with it, as he considers that the limitation of the merchandise which may be imported free of quota restrictions places the United States in a less favourable position than Spain. Upper leathers, for example, in which the United States had formerly a considerable trade, are excluded, whereas Spanish and Spanish-Moroccan leathers can enter without restriction.

He considers that it would be a great mistake to accept the decree as it stands, as, to do so, would amount to a tacit acceptance of discriminatory treatment, and he urged his Ambassador to make a protest or at least formally to notify the Turkish Government that the United States Government reserve the right to claim equality of treatment with Spain.

The decree makes no mention of the manner in which the commercial balance between the two countries will be established, and Mr. Gillespie has made no attempt to find out, as he considers that this point is of no practical importance. In his view, the United States exports to Turkey cannot, in any circumstances, amount to more than about £T. 4,500,000 per annum in value, so that the

commercial balance will continue to be greatly in favour of Turkey, apart from which about 3 million dollars of American exchange find their way into Turkey every year in the shape of immigrant remittances, tourist traffic, grants to American schools and colleges, and other sources.

French Negotiations with the Turkish Government.

My French colleague informs me that his Embassy entered into negotiations with the Turkish Government in the early summer of 1932, with a view to drawing up a "clearing house" agreement with Turkey. The Banque de France was prepared to discount the export bonds issued to French exporters to Turkey, but when the French Embassy here asked the Central State Bank whether it would act in a similar manner on behalf of exporters to France, an unexpected difficulty was encountered. In effect, the State Bank insisted on a balance of payments and not on a balance of goods.

This implied that all the payments remitted to France by French concessionary companies, such as the Smyrna-Cassaba Railway, the Quay Company, the Ottoman Bank, the Balya-Karaydin mines, and the Heraklí Coal Company, would be regarded in the same way as payments made against exports from France to Turkey, *i.e.*, as an export of capital from Turkey. Payments under the Public Debt Agreement were excluded, but the other sums involved were so considerable that the French refused categorically to accept the proposal on the grounds that

(*a*) A large part of their export quota would be swallowed up by these remittances, as the commercial exchanges between the two countries are approximately equal.

(*b*) It was unfair to penalise France for having invested considerable capital sums in the development of this country.

In these circumstances, the agreement referred to by Colonel Woods in his minute of the 23rd June last (sent to the Eastern Department the 25th June, 1932) never came into force.

On the publication of the Turco-Spanish arrangement, my French colleague asked his Department in Paris whether it was considered that the agreement constituted an infringement of article 6 of the Turco-French Commercial Treaty. No reply has been received.

Unofficial representations were made in Angora by the French Embassy on the subject of the Spanish arrangement, but any claim to an unrestricted right to import goods of French origin was met by the Turkish reply that such a right would be given under the same conditions as those accepted by Spain, *i.e.*, on a "clearing house" basis, and as the Turkish Government still insisted, in such a case, that the balance of payments should be maintained and not a balance of goods, the French Embassy declined to accept the proposal.

My French colleague now informs me, confidentially, that his Embassy is in favour of denouncing the commercial treaty.

In his view, the present quota system offers no protection to French commercial interests, the export trade of France with Turkey is rapidly and constantly declining, and he considers that a situation has arisen in which France has nothing to lose by risking a denunciation of the treaty, in the hope that if the example of France is followed by the United Kingdom, by Germany, and by other countries, the Turkish Government may revise their entire commercial policy.

The proposal to denounce the treaty is still under consideration by Paris.

Other Countries.

The French, Italian, Dutch and, I believe the Belgian diplomatic missions have all communicated the text of the Turco-Spanish arrangement to their respective Ministers for Foreign Affairs, with particular reference to the question of most-favoured-nation treatment; but, as far as I have been able to gather, in each case no reply has yet been received, and such official or unofficial claims as have been made for equality of treatment with Spain have elicited a reply similar to that received by France.

II.—*The Position of the United Kingdom.*

There appear to be three aspects in which a possible infringement by the Turkish Government of most-favoured-nation rights may be considered :—

(i) *The Arrangement with Spain.*

The relevant paragraph in the exchange of letters which brought this arrangement into force is the following :—

> " Les produits du sol et de l'industrie originaires d'Espagne destinés soit à la consommation, soit à la réexpédition ou au transit seront autorisés à entrer en Turquie librement et sans contingentement d'aucune sorte tant que le chiffre des exportations de l'Espagne vers la Turquie ne dépassera pas celui des importations turques en Espagne."

The case of the United Kingdom rests on article 16 of the Anglo-Turkish Commercial Treaty

Prima facie, there would appear to be an infringement of the first paragraph of article 16, as restrictions are placed on imports from the United Kingdom which are not applied equally to the same goods of Spanish origin. The point to be considered, however, is that the introduction of Spanish goods is subject to a definite condition, and it is practically certain, to judge from the experience of other countries, that the Turkish Government would, in one form or another, be prepared to grant equality of treatment to the United Kingdom on the same condition, though it is probable that the Turks would, in the interests of their growing industries, endeavour to limit the scope of imported goods.

It may, however, be considered that the Turkish Government in granting most-favoured-nation treatment to the United Kingdom without condition in our commercial treaty cannot subsequently make the extension of such treatment subject to a new condition, not foreseen at the time our treaty was signed, and one, moreover, which was imposed without reference to us.

This question is one on which I do not feel qualified to express a definite opinion. It should, however, be borne in mind that, in the extremely unlikely event of the Turkish Government accepting our claim, and that of others, to unconditional most-favoured-nation treatment, our last state would, in practice, probably be worse than our first.

Whatever may be said against the quota restrictions, and there is no doubt a great deal to be said against the manner of their application, the institution of a control of imports and of exchange operations has undoubtedly prevented a collapse of the lira and the commercial ruin of the country. For such trade as we are now able to do with Turkey our manufacturers have at least a reasonable certainty of payment and the risk of individual or national default is greatly reduced. Even if we were able to induce the Turks to accept that, on treaty grounds, our claim to most-favoured-nation treatment must be respected, we should, in existing circumstances, be running the risk of forcing them into commercial insolvency.

(ii) The intention of the Turkish Government to allocate quotas by country of origin in the case of certain commodities also constitutes potential discrimination against the United Kingdom. In Colonel Wood's despatch Overseas Trade (B) No. 544, 32 of the 1st December, 1932, the effect of the first experiment in this direction (in regard to cotton goods) was examined, and it was found that the share of the trade allocated to the United Kingdom had been fixed at 9·8 per cent., whereas during the corresponding period of 1931 our share of the trade was 11·4 per cent., and this decrease is all the less justifiable in that we have now gone off the gold standard and have a reasonable expectation of increasing the proportion of our trade on an unrestricted market. This aspect of the case is covered in the following extract from Foreign Office confidential memorandum dated the 7th July, 1932 (enclosure in Foreign Office circular of the 23rd August, 1932) :

> Further, even if the various quotas can be equitably fixed, having regard to the circumstances at the date of their introduction, they may still operate unfairly by crystallising the proportions of the trade between nation

> and nation to the detriment of those countries which might otherwise be in a position to improve their opportunities in the market to which the quota is applied."

It is the Japanese, however, who have the most serious cause for complaint in this respect, as their trade in cotton goods was very drastically reduced.

It would be preferable to await the new quota lists in order to see whether this form of quota allocation is to be widely extended, and whether the interests of the United Kingdom are adversely affected, before coming to any definite decision on this point.

(iii) The final stage at present, in Turkish policy, which may be held to involve a derogation of most-favoured-nation treatment is the unilateral action taken by the Turkish Government in the case of the United States of America.

If the Turco-Spanish arrangement was contrary to article 16 of our commercial treaty, the concession granted to the United States was no less so.

In this case, however, the Turkish Government, in their anxiety to repair the error into which they fell by giving Spanish manufacturers a free hand to export what they like to Turkey, committed another error in extending only a partial concession to the United States, and thus laid themselves open to a charge of discrimination against that country.

In considering therefore what line of action the United Kingdom should take in view of the present situation, it seems to me that our only alternatives are the following :-

(1) To insist upon full most-favoured-nation treatment. Apart from the fact that Turkish acceptance of such a demand is economically impossible in present circumstances, it seems pretty certain that the most we should get is a proposal to make a "clearing house" arrangement.

It appears to be contrary to the policy of His Majesty's Government to enter into agreements of this kind, and in any case, even should consideration be given to such a proposal, the following factors should not be overlooked :—

(*a*) According to Turkish statistics, our exports to and imports from Turkey for the first eleven months of 1932, during the whole of which time the quota system was in operation, were practically equal; imports amounted to £T. 9,027,981 and exports to £T. 9,041,896. It is possible that our exports from Turkey were in reality greater than those shown in these statistics, as in many cases Turkish goods are sent on consignment to Trieste, Hamburg, Marseilles, Rotterdam and other ports, and are eventually bought in transit and imported into England. The Dutch Legation, for example, informed me that according to the Turkish returns their exports to Turkey were less than half their imports from Turkey, but it is doubtful whether more than 50 per cent. of the so-called exports to Holland were actually cleared through the Dutch Customs, the remainder being transhipped to other countries, including the United Kingdom. If, therefore, a "clearing-house" agreement with Turkey were ever seriously considered, it would be necessary to insist that the Board of Trade returns were taken as a basis of negotiation. Even if allowance be made for some increase in the total of United Kingdom imports from Turkey, the position would not be materially altered, and, in fact, if the Turkish Government imposed the same condition as that proposed to the French, and insisted that payments by the Ottoman Bank to London, by the Smyrna Aydin Railway, by the Telephone Company, or by other concessions in which the United Kingdom is interested, were offset against our exports to Turkey, it would probably be found that a "clearing house" agreement would leave us worse off than we were at present, *i.e.*, on the supposition that the value of imports from Turkey remains materially unchanged.

(*b*) There are at present a large number of articles which may be imported free of quota restrictions without condition or with the authority of various Turkish Ministries. The value of our imports under the heading of the goods which are now on the "free lists" amounted in 1931 to approximately £T. 4,406,765 out of a total trade of £T. 14,361,400. In 1932, under the quota system, it is reasonable to assume that "free-list" goods represented an even more important proportion of our trade.

To accept a clearing-house agreement would result in our losing the advantage of the free lists, for such goods would have to be offset against our imports from Turkey

(*c*) Our imports from Turkey during the first eleven months of 1932 amounted to £T. 9,041,896, the most important items being:

Vallones	251,966
Mohair	196,314
Sultanas	1,252,173
Hazel nuts... .	622,181
Dried figs ..	979,562
Carpets . .	206,628

There is of course no guarantee that our imports from Turkey will continue on this level. For example, imports of sultanas from Turkey in 1932 amounted in value, according to the Board of Trade figures, to over £750,000. The failure of the Turkish sultana crop owing to drought, disease, or other factors, or the falling off of the demand from the United Kingdom owing to the increased preference rates granted to the Dominions under the Ottawa Agreement might well result in a considerable decrease in our imports under this heading, and our exports would be reduced accordingly.

(*d*) By far the largest proportion of our imports from Turkey are shipped to the United Kingdom during the last four months of the year. Unless, therefore, the Turkish Government would consent to strike a monthly average, on the basis of the trade returns of previous years, and to readjust the final balance later, our manufacturers would find the Turkish market practically closed to them for eight months in every year.

On the whole, therefore, I do not see how a compensation agreement can, in existing circumstances, be of any practical advantage to the trade of the United Kingdom unless the "free lists" be abolished and the quotas so restricted as to reduce our export trade to Turkey to negligible dimensions.

(2) Another alternative is to denounce the commercial treaty, in the hope that if France and other countries take the same course the Turkish Government may consent to revise their present policy, but I cannot see what practical good would result, except possibly as the basis for concluding a supplementary agreement to regulate matters of detail.

III.

In his letter to Mr. Jenkins of the 20th July last, Mr. Baxter raised the question of restrictions on exchange.

The new arrangements with Spain and the United States do not alter the existing situation in any way, in so far as exchange is concerned, nor is there any discrimination in this respect except against those countries which themselves impose exchange restrictions.

The original legislation in force in Turkey since February 1930 permitted authorised banks in Turkey to sell exchange for the payment of imports on production of the receipt issued by the Customs for the payment of the transaction tax.

This facility was cancelled by a decree of May 1932, which made it necessary in all instances for sanction to be obtained from the Exchange Control.

A further decree of the 18th September, 1932, reverts to the original position except that exchange for imports of sugar, tea, coffee, petroleum, benzine and mazout must in all cases be issued only on authorisation from the Exchange Control. Similar special authorisation is necessary for goods imported prior to the publication of this decree on the 26th September.

Special restrictions are maintained against countries whose exchange interferes with payments to Turkey, and also those placing restrictions on the entry of Turkish goods.

It follows, therefore, that as regards exchange, importers of goods from the United Kingdom will continue to be treated as favourably as any other country, whether goods are imported under a quota or free of quota. The importer can in all cases obtain his foreign exchange on furnishing proof that the goods have been cleared through the Customs. So long as the present system remains in force, therefore, the question of exchange restrictions does not arise.

N. S. ROBERTS

February 14, 1933.

(E 1056/534/44) No. 12.

Sir G. Clerk to Sir John Simon. (*Received February* 24.)

(No. 61.)

Sir, *Angora, February* 17, 1933.

IT is a curious coincidence that only a few days after the date of my despatch No. 29 of the 21st January last, reporting the tolerant attitude of the Gazi towards the continued use of Arabic in Moslem religious services, an event should have occurred in Brusa which has already had the effect of banning Arabic and imposing Turkish in every mosque in the country.

2. It would appear that from the beginning of the month of Ramazan, *i.e.*, about the end of December last, in consequence of orders received from Angora, both the *ezan*, or call to prayer from the minaret, and the *kamet*, or prayer within the mosque, were said in Turkish at Brusa, but soon the *ezan* only was being recited in the vernacular. This stirred the civil authorities to reinforce the order, whereupon certain clerics resigned their functions by way of protest.

3. From the somewhat laconic and conflicting statements which have appeared in the press it is difficult to form a clear idea of what actually occurred at Brusa on the 1st February, but the following account may be accepted as fairly reliable. In the Ulu Jami or Great Mosque a certain "Lame" Halil, who was replacing the regular officiant on that day, read all the prayers in Arabic. A policeman present ostentatiously noted down the name and address of the delinquent, a proceeding which gave rise to unfavourable comment among the worshippers. After the service one of the latter rose and addressed the faithful as follows: "What does this mean? Why are we subjected to unlawful pressure, while the Jews worship in full liberty in their synagogues and the Christians in their churches? Let us go and give vent to our grievances." Thus incited, all the faithful present, variously reckoned as from thirty to eighty persons, proceeded "with many cries and gestures" to the neighbouring office of the Evkaf Department, where one of their number thus addressed the Government functionary in charge: "I hereby inform you that the people want their prayers said in Arabic, just as they are in Istanbul and other towns, and have come here to tell you so." At the same moment a confirmatory roar arose from the street below. The Evkaf official replied that he had not the necessary authority to settle the question, and advised them to have recourse to the Vali, which the crowd, by now considerably larger, accordingly did, the official meanwhile communicating with the police by telephone. Arrived at the Government headquarters, some of the demonstrators seated themselves inside while the remainder took up their position in front of the building. They had hardly done so, however, when the police arrived in force, dispersed the crowd, and arrested all those who had made themselves comfortable within. Numerous other arrests were effected, and minute enquiries instituted which have been continuing ever since.

4. It was only on the 6th instant, five days after the event, that the first intimation of it appeared in the press in the form of an official communiqué, which gave a very much abridged account of the affair and contained the names of some dozen alleged instigators. The same day's papers contained the surprising intelligence that the President of the Republic, who attached special importance to the incident, had gone to Brusa to investigate it in person. He had spent the night of the 4th February travelling from Afiounkarahisar, which he was then visiting on the tour of inspection referred to in my despatch No. 13 of the 9th instant, and had accomplished the final stage of the journey by car in the early hours of the following morning having left the railway at Biledik before dawn.

5. The press of the 7th February, by which time the Gazi was at Constantinople published the following communiqué issued by his Excellency to the Anatolian Agency:

> "I have gone to Brusa. I have obtained information about the incident from the interested parties. The incident is not of much importance in itself. In any case the ignorant reactionaries will not escape the clutches of republican justice. The fact of our having given our special attention to this incident is intended to make clear once again that we will never tolerate that religion should be exploited for political purposes or in

connexion with any sort of agitation. The essence of the incident is not really religious but linguistic. It must be realised that the national language and personality of the Turkish people will continue to support and to dominate its whole existence."

The contradictions which appear even on the surface of the above statement point to its having been the unaided composition of the Head of the State, whose logic is that of deeds rather than of words, and whose sensational appearance on the scene of so comparatively innocent an expression of popular opinion was no doubt intended as a stern warning to the nation at large, which his Excellency may have feared to be in danger of forgetting the executions at Menemen some two years ago.

6. Hardly less astonishing than the Gazi's surprise visit was the decision, taken at a special meeting of the Cabinet, to despatch the Ministers of the Interior and of Justice to Brusa, where they were received by Mustafa Kemal just before his departure for Constantinople. The Ministers returned to Angora two days later after having, according to the press, studied all the phases of the incident and applied the measures previously decided on in the capital. The result was the dismissal of the Mufti of Brusa, for having misunderstood the Government's orders about the conduct of public worship; of a magistrate, apparently for having ordered the release of the persons arrested; and of the local Public Prosecutor for having telegraphed to Angora that thirty persons were under arrest, whereas not one was in prison at the time. The magistrate's lapse was made good by the rearrest of the persons previously confined, while additional arrests were made at Brusa, Constantinople, Smyrna and other places in Western Turkey. At Silihli the authorities, encouraged by the general "round-up" of reactionaries, arrested a hoja for the triple offence of preaching against photography, non-Arabic characters, and the theory that the world is round. Stringent orders have been circulated to all religious authorities for the enforcement of the previous injunction regarding prayers in Turkish, with the result that even Constantinople, whose privileged *de facto* position had aroused the envy of Brusa, now finds itself committed to prayers in the vulgar tongue, which the new linguistic reform tends to make progressively more vulgar.

7. After some further arrests at Brusa, and the interrogation of more than 200 persons, it was announced on the 15th February that, although the preliminary judicial investigation of the incident had been terminated, the preparation of the documents and the drawing up of the official report had not yet been completed, and the Public Prosecutor was consequently not yet in possession of the dossier. Further developments of the case will be reported in a subsequent despatch.

8. Meanwhile, even the heavy demands on newspaper space made by the recent election in Constantinople of the Turkish Beauty Queen for 1933 have left room for the daily publication of the usual sycophantic telegrams which keep pouring into the Government and the Gazi, invoking curses on the "criminals" of Brusa and calling for their exemplary punishment, stigmatising reaction in general and all its works, and professing ardent devotion to the republic and the régime. These messages, sent in the name of practically every town and more important village in the country, are, needless to say, despatched on their own initiative by the local authorities and by local branches of semi-official organisations which represent a very small proportion of public opinion outside the capital. No one seems to have ventured to point out that the Government is partly to blame for the incident. By allowing the use of Arabic in some mosques it created a sense of grievance in congregations of other mosques where, as seems to have been the case at Brusa, the local authorities either were ignorant of the new ruling or late in applying it. At the same time the Government considers the people of Brusa at fault for voicing their grievance in a noisy fashion. Prompt and continuous acceptance, without grumbling, of all decrees of the lay republican and revolutionary Government is the only distinguishing mark of a true-blue lay republican and revolutionary citizen.

9. While it may be hoped that the ruthless Menemen executions of 1931 will not serve as a precedent on this occasion, the Gazi's reference to the clutches of republican justice is disquieting, and, if either he or Ismet Pasha is in favour of making more examples, the gallows may soon be set up in the streets of Brusa, as they have been in so many other Turkish towns since the "laic" republic

began to claim her victims from among the votaries of the old order. The glaring inconsistency of the "laic" State dictating the details of Moslem public worship, while non-Moslem Turkish citizens are allowed to pray as they please, has struck the humble mosque-frequenters of Brusa, and doubtless of many a town and even village besides; they must wonder, too, why the Government persecutes the hoja, the imam and the muezzin, and contemptuously brands them all as reactionaries, while at the same time decreeing by law that, in order to enhance the dignity of his office, the Moslem ecclesiastic must, while in ecclesiastical costume, not excite the contempt of the public by being seen carrying a basket, a sack or a petrol-tin (to which *Koroğlu* adds "or a goose or a turkey"). The Head of the State and the Government are, however, as unconscious of the inconsistency, or as heedless, as they are of that other and compensatory inconsistency which makes the profession of Islam, however nominal, the qualification *sine qua non* for official recognition as a true Turk.

I have, &c.
GEORGE R. CLERK.

E 1274/534/44] No. 13.

Sir G. Clerk to Sir John Simon. (*Received March 10.*)

(No. 64.)

Sir, *Angora, February 3, 1933.*

IN continuation of my despatch No. 61 of the 17th instant regarding the recent religious demonstration at Brusa, I have the honour to report that I have received from His Majesty's consul-general at Smyrna a despatch in which he states that the Gazi's visit to that town at the beginning of February evoked nothing more than a lukewarm demonstration of popular interest from a scanty gathering of the public on his arrival; and that, apart from visits to the local authorities, the main part of the President's projected activities in Smyrna was curtailed by his Excellency's hurried departure at dead of night for the scene of the latest manifestation of popular insubordination.

2. Referring to the incident which took place at Brusa, Mr. Greig reports that in the Smyrna district a quickening of Islamic religious sentiment was noticed by many observers during the recent month of Ramazan, and that there seems to be a tendency on the part of certain classes, notably the peasants, to interpret the impoverished condition of the country as a visitation ascribable to the violation of religious tradition by the Government. Mr. Greig is of opinion that the existence of such a feeling, which is especially widespread and bitter among the Moslem elements of non-Turkish origin, must be considered as a factor in the political situation and may decide the Government to be chary of resorting to capital punishment in the case of those responsible for the demonstration at Brusa.

3. Mr. Greig adds that signs of official nervousness in the vilayet of Smyrna were manifest about the time of the events at Brusa, and that a hoja of Tunisian origin was arrested on the charge of having inculcated reactionary notions concerning the call to prayer in the Hisar mosque in Smyrna during Ramazan.

I have, &c.
GEORGE R. CLERK.

E 1276/289/44] No. 14.

Sir G. Clerk to Sir John Simon.—(*Received March 10.*)

(No. 68.)

Sir, *Angora, February 27, 1933.*

WITH reference to my despatch No. 55 of the 15th February, 1933, regarding Turkish compensation agreements with foreign countries, I have the honour to report that the acting commercial secretary to His Majesty's Embassy has been informed by his French colleague that the French Government have notified the Turkish Government that the Turco-French Treaty of Commerce and Navigation,

which entered into force in September 1931, has been denounced and will lapse on the expiration of the specified period of six months.

2. M. Pessereau stated that the French Government had accepted his recommendation to denounce the treaty in the hope of forcing the Turks to revise their present policy of restricting imports and subjecting them to such arrangements as the recent agreement with Spain, a copy of which was enclosed in my despatch No. 2 of the 3rd January last. The chief concern of the French Government was to maintain the principle that nothing short of full most-favoured-nation treatment would be accepted by it. France had, he stated, a powerful lever in the existence of a maximum and minimum import tariff; the maximum tariff, reinforced by the maximum transit storage rates in French ports, would be applied to Turkish goods on the expiration of the treaty and would prove absolutely prohibitive.

3. M. Pessereau was alive to the dangers which might arise if the French move succeeded in its purpose of having Turkish import restrictions removed. That danger was that the policy of unrestricted imports would result in Turkish bankruptcy and would drive the Turkish Government to place an embargo on the export of capital. To minimise this danger the French commercial secretary has recommended the conclusion of a new and temporary agreement with Turkey whereby both parties would undertake to remove, as between them, all restrictions on imports and exports, a unilateral undertaking being given at the same time by France that French imports from Turkey should not be less than her exports to this country. Such an arrangement would differ from a compensation agreement in that Turkey would not be required to import French goods to the same value as her exports to France and in that exchange would be bought and remitted in the ordinary way without recourse to the system of barter bonds. Though it was not anticipated that such an agreement would have the effect of increasing French exports to Turkey in an appreciable measure, it would at least secure the maintenance of the principle that France claimed full most-favoured nation treatment.

4. I am sending copies of this despatch to the Department of Overseas Trade and to His Majesty's Ambassador in Paris.

I have, &c.

GEORGE R. CLERK.

E 1282 1282 44] No. 15.

Sir G. Clerk to Sir John Simon. (*Received March* 10.)

(No. 78.)

Sir, *Angora, March 2*, 1933.

AN incident which has just occurred has served to draw attention to the xenophobia which is ever latent among all classes of Turks. In pre-Republican days it had its basis in the Moslem religion, and found its expression in the frequent designation of any non-Moslem by the contemptuous epithet *Giaour*. In these laic days the sentiment professes to spring from nationalism and pride of race, and draws rather on the animal kingdom than on the Koran for suitable descriptions of all non-Turks.

2. On the 24th February the *République*, the organ of Yunus Nadi, the ever vigilant champion of Turkish nationalism, reported that M. Zannone, an Italian subject and manager of the Pera branch of the International Sleeping Car Company, a person described by Yunus Nadi as notorious for losing no occasion of displaying his antipathy to everything Turkish, had surpassed himself by exclaiming, on hearing a Turkish employee telephoning an enquiry in Turkish to another branch, "What language is he braying in? Is it Turkish?" The employee, venturing to remark that it *was* Turkish, and to add that it was the language of the country, was thereupon fined £T. 10 and suspended from duty for fifteen days.

3. Rendered indignant by this story, a large group of Turkish students attacked the company's Pera and Galata offices, and inflicted damage to the extent of £T. 4,500. They were cheered by crowds of spectators, dealt with in half-hearted fashion by the police, and have since been commended by the Turkish press. From some parts of the country telegrams of congratulation have been sent to the Gazi, to the *République* and others. Yunus Nadi, looking offensive and truculent, was early on the scene, and one of his leader-writers, Peyami Safa, was inspired to write an article, a copy of which I enclose,(1) in which the leading nations, personified by their own national prefix of Monsieur, Mister, Signor, Herr and Gospodin (Kyrios being conspicuous by its absence) are hailed as swine, dogs, leeches and scorpions, and lectured as to their behaviour while on Turkish soil.

4. The article was of so offensive a nature that Yunus Nadi, whether of his own volition or prompted by others, has since been trying, grudgingly and without much success, to tone down the effect. His efforts take the form of placing all responsibility for the incident on the foreign manager of the Pera branch, of describing the resultant manifestations as a natural outcome of the manager's lack of tact, and as within the minimum of what might have been expected in the circumstances, of praising the Government, and of paying tribute to the courage and self-effacement of the police. He admits that, under the excitement and exasperation of the moment, there was a tendency, even on his own part, to blame all foreigners, and not solely the actual culprit, and that all foreigners, though often annoying, were quite wrongly attacked on this occasion for the fault of one of them. Having thus, to his own satisfaction, made amends one cannot go so far as to say honourable amends—Yunus Nadi is so encouraged by the contemplation of his magnanimity that he is moved to declare to those few—if any—individuals whom the incident may have led for a moment to entertain the slightest shadow of a suspicion or the most fleeting thought of the possibility of the existence of xenophobia in Turkey, that no such conclusion can be drawn from the sentiments expressed in his paper. No sensible foreigner can consider what happened as other than might have been expected in the circumstances. Given the provocation, the response is natural and does not signify hostility to foreigners. The anti-Yugoslav demonstrations in Italy after the mutilation of the Trau lions were natural, but did not indicate xenophobia. Xenophobia, indeed, does not exist in Turkey. Even when Turks felt the imperious need of bringing the Capitulations to an end, they hesitated long owing to their desire not to hurt the feelings of foreigners, and to show themselves perfect gentlemen.

5. I have referred to the *République* and to Yunus Nadi more than to other Turkish newspapers and journalists, but the attitude of these latter was equally reprehensible. The story of the Turkish employee of the company is accepted without question. The manager's version has now been inserted, but has not been allowed to influence the judgment of the press, nor, apparently, of the Government. The manager's statement is to the effect that he has newly arrived in Turkey and that he is so far from despising Turkish that he is actually taking lessons in the language. In the meantime, in order to be able to keep a check on the operations of the branch, he had instructed employees to use French. On the day of the incident the offending employee was in heated discussion with a customer, and was asked by the manager to explain in French what was happening. The employee told him to learn Turkish and continued to be impertinent, whereupon the manager fined him 25 piastres and, later, suspended him from duty for ten days.

6. The Belgian Chargé d'Affaires tells me that the manager found much corruption in the office—clerks saying trains were full and finding places only if tipped and so on—and instituted disciplinary measures The disgruntled employees thereupon worked up this incident.

7. The Sleeping Car Company has replaced M. Zannone by a Turkish manager, and the former will leave Turkey when the judicial enquiry now proceeding is terminated. The efforts of the Public Prosecutor are devoted more towards obtaining the punishment of M. Zannone for having insulted the Turkish language than towards establishing the responsibility of the rioters, and this has encouraged other students to press for the abolition of the use of foreign words in business signs, and to intensify the campaign for pure Turkish and for nationalism.

8. Having been yesterday invited to *a tête-à-tête* luncheon with Ismet Pasha, I took the opportunity of drawing his attention, personally and unofficially, to the offensive article of Peyami Safa, and of suggesting to him that

(1) Not printed.

it was likely to have an unfortunate effect abroad, and to give foreigners a deplorable impression of the new Turkey. Ismet Pasha declared that he had no previous knowledge of the article, and was angered on learning its contents. I trust that my informal intervention will not be without beneficial effect on the subsequent developments of this affair, which reveals how slight is the progress towards western civilisation made, despite his adoption of western habits, by the modern Turk.

I have, &c.
GEORGE R. CLERK.

E 1371 83 44

No. 16.

Department of Overseas Trade to Foreign Office. (*Received March* 15.)

THE Comptroller-General of the Department of Overseas Trade presents his compliments to the Under Secretary of State for Foreign Affairs, and transmits herewith copy of a memorandum respecting barter arrangements between Turkey and other countries, communicated by the commercial secretary, Istanbul.

Department of Overseas Trade,
March 14 1933

Enclosure 1 in No. 16

Mr. Roberts to Department of Overseas Trade

Overseas Trade (B) No. 58/33

Istanbul, February 18, 1933.

SIR,

WITH reference to your despatch Overseas Trade No. 39 of the 10th February last, relative to barter arrangements between Turkey and other countries, I have the honour to transmit to you herewith a memorandum containing a summary of all the agreements concluded up to the present.

2. The general question of these agreements is reviewed in the enclosure to Embassy despatch to the Foreign Office No. 55 of the 15th instant, copy of which was transmitted to the Department of Overseas Trade.

I have, &c.
N. S. ROBERTS,
Assistant to the Commercial Secretary.

Enclosure 2 in No. 16

Memorandum in regard to Barter and Compensation Arrangements concluded by Turkey.

Spain (see Embassy despatch to Foreign Office No. 2 of the 3rd January on this subject, sent under cover of my despatch Overseas Trade (B) No. 10/33 of the 8th January)

THE agreement, which was made by an exchange of notes, provides for the introduction into Turkey of Spanish exports free of quota restrictions provided that such exports do not exceed the amount of Turkish produce imported into Spain, and that such produce is not prohibited altogether. Similarly, Turkish exports are declared to be free of all restrictions in Spain, and exchange reserves will be allocated unconditionally to importers to meet their obligations in respect of Turkish produce. In addition, the terms of the note provide for the mutual grant of most-favoured nation treatment

United States.

By virtue of a ministerial decree, published in the *Official Gazette* of the 25th January last, the Council of Ministers decided that, in view of the fact that the balance of trade between the United States and Turkey is in favour of the latter and that there are no restrictions on the entry of Turkish goods into the United States, certain categories of goods of United States origin may be imported into Turkey, free of quota and other restrictions, within the limit of the value of present Turkish exports to the United States.

This decree is the outcome of a protest by the United States Government against the Turco-Spanish Agreement, on the ground that it was contrary to the most-favoured-nation treatment already assured to the United States. The action of the Turkish Government is therefore of a unilateral character, and there is no question of the conclusion of an agreement with the United States in this connexion.

A copy of the list of goods to which the decree relates was forwarded under cover of Embassy despatch No. 46 of the 4th February last.

Brazil.

The Turkish Government has been in negotiation with the Brazilian Comité national du Café in regard to a contract by which the Brazilian organisation will have, for a period of three years, the exclusive right of supplying coffee to this market, and, in exchange, will accept Turkish produce of an equal value on a compensation basis (see my despatches Overseas Trade (B) No. 590/32 and Overseas Trade (B) No. 39/33 of the 29th December and the 2nd February respectively).

The contract has not yet been signed, and it has, I believe, been modified since it was first initialled, but it is expected that both parties will sign it in the near future.

Hungary, Roumania, Holland, Belgium and the United Kingdom.

The regulations as regards the importation of sugar from the above countries remain as stated in the Department's memorandum.

By a supplementary communiqué by the Ministry of Economy, dated the 29th December last, Bulgaria was added to the list of countries from which sugar lying in the Turkish Customs on the 15th December last could be cleared on a compensation basis. In the case of Bulgaria, such consignments can be cleared against the export of olives, but the communiqué makes no mention of future consignments of Bulgarian sugar.

Japan, Brazil, India, South America and Portugal.

The above-mentioned countries were designated by the Ministry of National Economy, in a communiqué dated the 15th December last, as being those which imported little or no Turkish produce, and, in order to open up new markets, it was stated in the decree that these countries could export goods to Turkey free of the quota restrictions against the importation from Turkey of carpets, valonea, timber and sleepers, tobacco of the 1930 and earlier crops, mineral ores (except coal), figs, hazel nuts, live-stock, opium, olives, olive oil, linseed and pistachio nuts. The total of such exports was fixed at a minimum of £T. 200,000, but was subsequently reduced to £T. 100,000.

A translation of the communiqué is attached herewith.

In accordance with this decree, the Japanese opium monopoly has already signed a contract for the purchase of Turkish opium to the value of £T. 400,000, and further contracts are expected. Against these purchases the Japanese are clearing their accumulated stocks of cotton goods lying at the customs.

Poland.

The Turco-Polish Agreement, to which reference is made in the Department's memorandum, was brought into force, with retroactive effect, by a notification in the *Official Gazette* of the 22nd December last. The agreement entered into operation on the 15th November, 1932, and as it was valid for three months only, it expires on the 15th February. As far as I have been able to ascertain, it has not been renewed.

Czechoslovakia.

The following special arrangements are in force

1. According to the terms of a communiqué issued by the Ministry of National Economy on the 17th December last, the Czechoslovakian Government has agreed to remove the restrictions on the importation of hazel nuts and figs, and on the issue of exchange to pay for such imports. The communiqué makes no mention of a compensating concession to Turkey.
2. The decree in regard to the importation of sugar into Turkey (see my despatch Overseas Trade (B) No. 566 32 of the 20th December last) provides that such imports are to be covered by an equivalent quantity of Turkish products as named by the Minister of National Economy, and states that the corresponding Turkish exports to Czechoslovakia shall be hazel nuts.
3. The Czechoslovak Tobacco Monopoly has signed contracts with Turkish tobacco producers for the purchase of 2,500,000 kilog. of Turkish tobacco of 1930 et earlier crops in accordance with article 3 of Decree No. 13311 of the 21st September, 1932 (see despatch Overseas Trade (B) No. 474 32 of the 2nd October, 1932). Czechoslovakia will accordingly be able to export goods of equal value to Turkey, irrespective of the quota restrictions.

Austria.

The Austro-Turkish Tobacco Company, acting on behalf of the Austrian Tobacco Monopoly, has signed a contract, which came into force on the 1st February and will remain operative until the 31st December, 1933, for the purchase of Turkish tobacco to the value of 20 million French francs. In accordance with Decree No. 13311 Austrian goods to a corresponding value will be exported to Turkey free of quota restrictions.

Greece.

As the commercial exchanges between Greece and Turkey are greatly in favour of the latter country, the Greek Government has demanded a revision of the existing commercial treaty. Negotiations were opened in Athens some weeks ago, but have been broken off, and the Turkish delegates have returned to Angora for new instructions. It is probable that some form of "compensation" agreement will eventually be made.

Bulgaria.

It is reported that on the conclusion of a Turco-Greek arrangement, the Turkish delegates will proceed to Sofia to draw up a "barter" agreement with Bulgaria.

Other Countries.

No barter arrangements with other countries have been concluded.

E 1430 130 44 N 17

Sir L. Oliphant to Arthur Nelson. Received March 15.)

(No. 133.)

Moscow, *March* 13, 1933.

SIR, I HAVE the honour to report that, according to a Tass communiqué published in the *Izvestia* of the 12th March, representatives of the Turkish Ministry of National Economy will arrive in Moscow in the course of the next few days. The object of their visit is to work out the details of an order for the construction of a textile factory in Turkey. This work is apparently to be financed out of a credit of 8 million dollars for industrial construction granted by the

U.S.S.R. to Turkey at the time of Ismet Pasha's visit last year (see my telegram No. 69 of the 8th May).

2. I am forwarding copies of this despatch to the Department of Overseas Trade and to the Export Credits Guarantee Department.

I have, &c.
ESMOND OVEY.

[W 3095/40/98] No. 18.

Sir R. Graham to Sir R. Vansittart.—(Received March 20.)

(No. 55.)

(Telegraphic.) *Rome, March* 19, 1933.

FOLLOWING received from Angora, No. 1, 18th March:—

"Following for Secretary of State, Geneva, telegram No. 1:—

"'Minister for Foreign Affairs sent for me this evening to say that Turkish Government had detected in British plan a design of His Majesty's Government in the United Kingdom inspired by British General Staff to -notably by proposed diminution of Turkey's aerial forces—[? group omitted] Turkey's defensive potentialities in the Straits. This meant that His Majesty's Government had no confidence in Turkey's goodwill, which for Great Britain was the best guarantee that Turkey would abide by clauses of Straits Convention, but sought to ensure respect of those clauses by diminishing that part of Turkey's defensive powers which was particularly applicable to the Straits. Such an attitude on the part of His Majesty's Government could not but have a very bad effect on Turkey's ever-increasing pro-British orientation. Whatever the fate of the British plan, he was insistent that something should be done to dissipate the notion he had formed that the British General Staff wanted for purposes of its own to cut down Turkey's power in regard to the Straits (*i.e.*, to draw Turkey's teeth), as otherwise effect on Turco-British relations would be undoubtedly bad.

"'He also developed argument that, while non-armed nations had been allowed to increase forces, Turkey, which had demilitarised zones, and to that extent was limited in its freedom by treaty, was expected to diminish her forces. He suggested this almost drove Turkey to a decision to fortify the Straits.

"'He then, as I see it, came to the real point of his complaint, which was that Turkey's aerial forces were fixed at 100, that she was put at the same level as China. Turkey had 310 aeroplanes and had a larger uncivilised population than Yugoslavia, which had been allowed 200 aeroplanes. He regretted to have to see in this an evident British inclination averse to Turkey, which would, unless dissipated, persist, whatever the fate of the plan. He was willing to accept some diminution, but not to be put below (say) Yugoslavia.

"'He then developed his second point, which was that Turkey had not been included amongst the European nations as regards armies. Turkey had full right to keep armed forces in European Turkey and might even now send two army corps to European Turkey to emphasise this right. He felt His Majesty's Government had treated Turkey badly in leaving Turkey out of the European nations. Something, he said, should be done to avoid deterioration of Anglo-Turkish relations which would inevitably arise out of ill-will to Turkey which was manifested in the British plan.

"'I suggested a comprehensive plan could obviously not please every nation in its entirety and that parts which did not suit any particular Power did not necessarily indicate British ill-will; also that omission of Turkey's army from the list of armies affected by the plan seemed to mean that Turkey was left free to have the number of troops it desired. I had noticed Great Britain had also been omitted from the list dealt with. Possibly the two Powers had been so omitted because their positions were similar in being separated by water from Europe. This seemed to calm him to some extent. He even indicated that he would be pleased to be able to say to his people that Great Britain and Turkey were placed in an identical position.

"'But it is clear Turkey's *amour-propre* is very hurt at being ranked with China below Yugoslavia and at being considered extra-European, and that Turkey looks to His Majesty's Government to correct the matter under penalty of a deterioration of the present good relations.

"'I would be grateful for instructions of a nature to give some satisfaction to the Minister for Foreign Affairs.'"

W 3129 40 98 No. 19.

Mr. Morgan to Sir R. Vansittart.—(Received March 21.)

(Nos. 7 and 8.)
(Telegraphic.) *Angora, March 20, 1933.*

MY telegram No. 1 to Secretary of State at Rome (not repeated to Foreign Office from here).

In the course of an interview with Under-Secretary of State for Foreign Affairs this morning about various matters, he was unwilling to be drawn into a discussion about Turkey's grievances against His Majesty's Government in respect of omissions and commissions in British disarmament plan on the grounds that the matter was now in higher hands. He mentioned, however, that Turkish Ambassador in London had been instructed to ask for an explanation of the omission of Turkey from the list of armies mentioned in the plan. This omission had irritated and incensed Turkey more than the question of the number of aeroplanes, which could no doubt be arranged somehow.

I now notice, as hinted to me on 18th March by the Minister for Foreign Affairs, that he has not yet unleashed local press comment.

(R.) A short communiqué of 19th March states, on information so far received, Turkish opinion cannot understand ideas which British Prime Minister has formed about new Turkey. It adds that an unfavourable impression has been created in Turkey by allotment to Turkey of a lower number of aeroplanes than that demanded by its neutral situation in regard to nations in the same case and by its special position. It concluded by stating that fuller information is awaited in order to consider the question fully. (End of R.)

W 3214 40 98 No. 20.

Mr. Morgan to Sir John Simon.—(Received March 22.)

(No. 10.)
(Telegraphic.) *Angora, March 22, 1933.*

MY telegram No. 7.

I gather from various sources and from excited discussion in Foreign Affairs Committee in Grand National Assembly that Gazi and Government are annoyed because His Majesty's Government does not consider Turkey a European nation and disregards Turkey's new prestige and international importance. This refusal to acknowledge the changes wrought in this country by its victories and by the Gazi's policy of westernisation rankles. Resentment of this snub and slight to Turkey's *amour-propre* is solely directed against His Majesty's Government, from whom some explanation which may soothe ruffled susceptibilities is awaited. The disarmament proposals are for the moment of secondary importance to Turkey.

E 1575 1575 44 No. 21.

Mr. Morgan to Sir John Simon.—(Received March 23.)

(No. 11.)
(Telegraphic.) *Angora, March 23, 1933.*

MY telegram No. 10.

I took the opportunity of a chance meeting with the Minister for Foreign Affairs last night to impress on him that there was no British ill-will to Turkey either inside or outside British draft Disarmament Convention, and that the fact, amongst others, that we had requested her sympathy beforehand for British proposals was evidence of this.

Minister agreed, and paid tribute to friendliness of His Majesty's Government and British Ministers.

He then said that Turkey had decided as from midnight to announce that it would add Peace Treaty of Lausanne to treaties which were to be replaced in part by draft convention. This would mean the removal of penal clauses of treaty, *e.g.*, demilitarised zones. At the same time Turkey would respect her international engagement in regard to the Straits. At present, as the Straits were unfortified it was possible for any Power except Turkey to close them. In future Turkey would be able to keep them open.

W 3287/40/98 No. 22.

Sir John Simon to Mr. Morgan (Angora).

(No. 10.)
(Telegraphic.) R. *Foreign Office, March 23, 1933.*

YOUR telegram No. 1 to Rome of 18th March, and your telegrams Nos. 7, 8 and 10 of 20th and 22nd March: Turkey and the British disarmament plan.

Sir R. Vansittart spoke to Turkish Ambassador on the subject this morning.

As regards question of the Straits, he pointed out that Turkish Government are entirely incorrect in thinking that His Majesty's Government had the Straits Convention in mind when drafting their disarmament plan. Throughout the course of the Disarmament Conference the Straits Convention has never at any time been discussed in relation to disarmament, and Turkish Government must really acquit the British General Staff of the Machiavellian design which Turkish Government appear to attribute to them.

Dealing with the complaint made about numbers allotted for Turkey's air forces, Sir R. Vansittart explained that Turkish Government must have misunderstood meaning of articles 40 and 41 of draft convention and the table annexed. The allotment of 100 aircraft to Turkey was not calculated either on the basis of 310 aeroplanes mentioned in your telegram No. 1 to Rome or on figure of 370 which was given by Turkish Government in their return to the League of Nations in preparation for the Disarmament Conference. Latter figure was expressly stated to include the total number of aircraft possessed by Turkey, some of which were stated to be unusable, and it also included training aeroplanes and machines ordered but not delivered. Suggested quota of 100 was intended to denote number of aircraft which Turkey could be expected to put into the air at once if attacked. On that basis, which would apply to all countries covered by draft convention, His Majesty's Government had not considered at first sight that allotment of 100 would be ungenerous application of the principle of one-third cut, since, according to our information, peace establishment to which Turkey is working does not amount to more than 150 first-line aircraft. As regards comparison with Yugoslavia, it was explained that whereas Turkey had returned 370 aeroplanes all told, Yugoslavia had returned 627, excluding training aircraft. As Yugoslavia has only been allotted 200 in the tables it was clear that on figures mentioned Turkey cannot be said to have been harshly treated by comparison. In any case, however, Turkish Government would have full opportunity of stating their case at Geneva.

On the point that Turkey had not been included amongst European nations as regards armies, Sir R. Vansittart stated that Mr. Eden had explained to the Turkish delegate at Geneva that if Turkey desired to be included among European nations as regards armies he for his part would be quite ready to put her in that category, but she was omitted because it had seemed to us that Turkey was in a position similar to Great Britain, *i.e.*, her major interests were outside Europe. In any case the Ambassador must understand that the omission of Turkey was not of course intended to imply that His Majesty's Government did not consider her a European Power, and that his Government must of course disabuse themselves of such an idea. The Ambassador must remember that the draft convention was put together rapidly, and inevitably it must contain points open to correction, and we felt it unreasonable for them to argue from this that the United Kingdom, who are anxious to maintain the most friendly relations with Turkey, had designedly made such omissions in order to slight her.

The Ambassador, who was very friendly, assured Sir R. Vansittart that the Turkish Government fully understood the circumstances in which the British proposals had been made and were far from attributing to them any Machiavellian ideas. It would, however, in his opinion produce an excellent effect in Turkey if the British delegate at Geneva were to say that Turkey had not been classed as a European Power because of the analogy between her position and that of Great Britain. He also said that Turkish Government did wish to be classed as a European Power, and desired to be treated on a parity with Yugoslavia, both as regards effectives and aeroplanes.

Sir R. Vansittart repeated that the Turkish delegate would of course have every opportunity at Geneva of putting forward any case which his Government desired to present.

Turkish Ambassador is telegraphing in the same sense, and I trust that this interview will serve to dissipate any misunderstanding which may exist in the minds of the Turkish Government

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E 1570/130/44 No. 23.

Mr. Morgan to Sir John Simon.—(*Received March* 24.)

(No. 95.)

Sir, *Angora, March* 18, 1933.

I HAVE the honour to report that Tevfik Rüstü Bey, on his return journey from Geneva to Angora, recently informed the Smyrna correspondent of the Constantinople *Milliyet* that M. Molotov, the Soviet Commissar for War, and M. Litvinov would visit Angora for the celebrations in connexion with the tenth anniversary of the Turkish Republic on the 29th October next. The Minister added that the object of this visit would be to return the visit paid by Ismet Pasha and himself to Russia in April and May 1932.

2. I am sending a copy of this despatch to His Majesty's Ambassador in Moscow.

I have, &c.
JAMES MORGAN.

E 1753/83/44 No. 24.

Board of Trade to Foreign Office.—(*Received April* 4.)

Sir, *Board of Trade, April* 3, 1933.

I AM directed by the Board of Trade to refer to your letter of the 1st February, 1933, and previous and subsequent correspondence on the subject of the import restrictions in force in Turkey. This correspondence, in the Board's view, discloses a highly objectionable state of affairs, and I am to suggest for the consideration of Secretary Sir John Simon that a vigorous protest should be made to the Turkish Government.

2. In the first place, the Board observe that, instead of allotting quotas based on the imports taken from each supplying country before the introduction of the restrictions, the Turkish Government have decided to assess the import quota of each country on the basis of the amount of Turkish exports which that country takes—a policy which, in the Board's view, is economically unsound and contrary to the spirit of most-favoured-nation treatment

3. In the second place, the manner in which the Turkish Government are administering the import control system appears to the Board to constitute discrimination against the United Kingdom's export trade. From Mr. Roberts's memorandum enclosed with Angora despatch No. 55, it appears that all Spanish goods and also certain categories of United States goods (including cotton yarns and manufactures, and motor cars) may be imported into Turkey regardless of the Turkish import restrictions so long as the balance of trade between the respective countries and Turkey does not become unfavourable to Turkey. The Turkish Government have not, however, been consistent even in their application of the test of a favourable balance of trade, since it further appears from Istanbul despatch No. O.T. (B) 58/33 (of which the Department of Overseas Trade have been asked to send you a copy) that certain countries (viz.,

Japan, India, South American countries and Portugal) are to be allowed to export to Turkey without restriction, on condition that they import an equivalent amount of Turkish exports, the ground for this special treatment being that so far they have practically not afforded markets for Turkish produce at all. Notwithstanding the most-favoured-nation provisions of the Anglo-Turkish Commercial Treaty of 1930, and notwithstanding that this country ranks high among Turkey's export markets, no similar provision has been made for the quota-free importation of goods exported from the United Kingdom, presumably on no better ground than that the Anglo-Turkish trade balance has been unfavourable to Turkey. According to the United Kingdom trade returns for 1932, even this ground has now disappeared (see paragraph 9 (ii) of this letter).

4. The Board fear that arguments based on the general considerations above mentioned would be wasted on the Turkish Government. They consider, however, that a vigorous protest should be made against the imposition of restrictions on the importation of United Kingdom goods which do not apply equally to the exports of this country's competitors, and I am accordingly to suggest that His Majesty's Ambassador in Angora should be instructed to address a communication to the Turkish Government on the following lines:

5. In the first place, it might be pointed out to the Turkish Government that this country ranks high among Turkey's export markets. (Statistics illustrating the relative importance of the United Kingdom as a market for Turkish produce are enclosed herewith for information.) In the second place, no restrictions are placed on the importation of Turkish produce into this country, nor on payments to Turkey. His Majesty's Government consider that these facts, apart from all questions of treaty rights, entitle the commerce of the United Kingdom to receive at the hands of the Turkish Government the most favourable treatment possible. His Majesty's Government, however, observe in this connexion that certain countries have apparently been granted the right to export their goods to Turkey without restrictions, either in return for the abatement of restrictions which they have imposed on payments to Turkey, or even because hitherto they have afforded practically no market for Turkish exports.

6. His Majesty's Ambassador should then, the Board would suggest, refer to the Turko-Spanish Agreement and to the concessions made or to be made to the United States of America, Japan, &c., and should say that, having regard to article 16 of the Anglo-Turkish Commercial Treaty of 1930, His Majesty's Government consider that as respects every class of commodity which the United Kingdom exports to Turkey, this country is entitled to treatment no less favourable than any other country which exports like goods to Turkey, and is further entitled to claim that the quota system shall not be so operated as to reduce this country's proportion of the Turkish import trade either in the aggregate or as respects particular commodities. In this connexion particular reference should be made to the position as regards cotton yarns and manufactures, and it should be submitted that, inasmuch as the United States of America have been conceded the right to export these goods to Turkey without restriction, the United Kingdom is entitled unconditionally to the same right. After developing these arguments, His Majesty's Ambassador might express his confidence that the Turkish Government, recognising their obligations under the Anglo-Turkish Commercial Treaty, will proceed forthwith to remove the present restrictions on (i) all classes of United Kingdom cotton yarns and manufactures which are specified in the schedule to the decree (No. 13757 dated the 14th January, 1933) regulating the admission of United States goods into Turkey, as well as on motor cars and all other classes of goods of a kind which are scheduled to that decree, or (ii) are imported without restriction from Spain, Japan, &c. (it is suggested, however, that specific reference to India should not be made in this connexion to avoid raising questions concerning inter-Imperial relations); or (iii) which may be admitted without restriction from any country in future.

7. His Majesty's Ambassador might emphasise that His Majesty's Government consider themselves indisputably entitled to the treatment above mentioned in view of the unconditional most-favoured-nation treatment prescribed by the Anglo-Turkish Commercial Treaty and irrespective of any extraneous consideration

8. In this connexion I am to state for Sir John Simon's information that the Board have carefully weighed the considerations put forward by Mr. Roberts

against insistence on the part of His Majesty's Government on their unconditional most-favoured-nation rights in Turkey, but they feel that a failure to claim these rights would be likely to prejudice His Majesty's Government's position seriously, both from the point of view of commercial competition and in relation to the stipulations of the existing treaty or any future treaty with Turkey.

9. Other points which the Board think it pertinent to mention in this connexion are:—

(i) *Cotton Tissues.*—The proportion allotted to this country of the Turkish import quotas for the first three months of the years 1932 and 1933 for cotton tissues of the descriptions covered by Nos. 377 (*b*), 381 (*c*), and 381 (*d*) of the Turkish tariff was in each case less than the United Kingdom share of Turkey's imports of these goods in the corresponding months of either of the two preceding years (1930 and 1931); the relative figures are set out in a statement enclosed with this letter.

(ii) *Balance of Trade.*—According to the United Kingdom trade returns, the position in this respect for 1932 was as follows:-

	£
Imports from Turkey	1,619,676
Domestic exports to Turkey	1,484,010
Re-exports to Turkey	51,364
Total exports and re-exports ...	1,535,374

Thus the balance is shown to be actually in Turkey's favour already—more particularly so when the exports of United Kingdom produce are considered as apart from those items of produce for which this country is merely an *entrepôt*. These latter ought to be credited, in any Turkish calculations about the balance of trade, to the actual countries of origin. (In this connexion reference may be made to the reasons given by Mr. Roberts on p. 10 of his memorandum for thinking that the United Kingdom returns are likely to give a more accurate picture than the Turkish returns.) For the present, however, I am to suggest that His Majesty's Ambassador should not go into these points, but should confine himself to the considerations of principle mentioned in the preceding paragraphs.

10. Subject to Sir John Simon's concurrence, I am to suggest that instructions on the above lines should be sent to His Majesty's Ambassador at an early date, and that, in view of Mr. Holmes's semi-official letter to Mr. Warner dated the 20th February, the concurrence of the Dominions Office should be sought as a matter of urgency. A copy of this letter has been sent to the Dominions Office.

I am, &c.
J. J. WILLS.

Enclosure 1 in No. 24.

Statement showing, in respect of the Years 1930 *and* 1931, *the Value of Merchandise Exported from Turkey, distinguishing the principal Countries to which Exported.*

(Abstracted from the official Turkish Trade Returns.)

Countries.	1930. Value. Thousand £T.	1931. Value. Thousand £T.
Total exports, all commodities ...	151,454	127,275
Of which to—		
United Kingdom	13,521	10,850
Italy	32,011	30,752
Germany	19,838	13,049
France	18,457	12,156
United States ...	17,506	12,678
Greece	11,360	10,060
Russia	7,661	4,688
Egypt	6,105	4,521
Syria	5,334	4,039

Enclosure 2 in No. 24.

TURKEY.

Imports of certain Cotton Tissues (in kilogrammes).

	Jan.-Mar., 1930.	Jan.-Mar., 1931.	Jan.-Mar., 1932.
Tariff No. 377 (*b*)—			
Total	451,968	768,560	546,729
From United Kingdom ...	37,867	17,081	4,457
United Kingdom percentage of total	8·38	2·22	0·81
United Kingdom percentage of quota for January-March 1933: 1·5 per cent.			
Tariff No. 381 (*c*)—			
Total	302,197	975,324	460,034
From United Kingdom ...	73,629	297,033	79,746
United Kingdom percentage of total	24·37	30·45	17·33
United Kingdom percentage of quota for January March 1933: 20·7 per cent.			
Tariff No. 381 (*d*)—			
Total	447,435	1,736,891	851,337
From United Kingdom ...	19,298	54,368	12,366
United Kingdom percentage of total	4·31	3·13	1·45
United Kingdom percentage of quota for January- March 1933: 1·9 per cent.			

So far as concerns Tariffs Nos 377 (*c*) and 381 (*b*), the United Kingdom's percentage of the quota for January-March 1933 is satisfactory

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[E 1811/534/44] No. 25.

Mr. Morgan to Sir John Simon.—(*Received April* 7.)

(No. 107.)

Sir, *Angora, March* 30, 1933.

WITH reference to my despatch No. 61 of the 17th February last, relative to the demonstration at Brusa against the use of Turkish in Moslem public worship, I have the honour to report that the trial of the "reactionaries" has been proceeding at Çorum, whither the persons arrested at Brusa and elsewhere were removed some weeks ago. The press of the 28th March announced that five of their number, all clerics, had been condemned by the Criminal Court of Çorum to one year's imprisonment each.

2. The official excitement about the "Brusa incident" died down almost as suddenly as it was roused by the Gazi's sensational intervention, and it appears to have been realised in high places that undue importance was attached to it at the time. The press has long since ceased to interest itself in the matter, and there would now seem to be no question of executions. Meanwhile, Turkish has replaced Arabic in the mosques throughout the country, an innovation which has on the whole been accepted with the same stoical resignation as the hat and the Latin alphabet.

I have, &c.
JAMES MORGAN.

[E 1812/193/44] No. 26.

Mr. Morgan to Sir John Simon.—(Received April 7.)

(No. 108.)

Sir, *Angora, March* 30, 1933.

WITH reference to my telegram No. 1, Saving, of the 27th March, I have the honour to report that, to whatever extent the news of the Egyptian Chargé d'Affaires' motor accident may have influenced the Gazi, his Excellency's unexpected and unprecedented appearance at the reception in honour of King Fuad's birthday is now considered to have been not only a graceful act of reparation for the "fez incident" of last October, but also an emphatic demonstration of goodwill towards Egypt and of a desire for cordiality in Turco-Egyptian relations.

2. The President of the Republic, who arrived at the Egyptian Legation after midnight, soon settled himself down in an alcove and talked unceasingly until 8 o'clock in the morning. Tawhid Bey, his head covered in bandages and sticking-plaster, was considerately despatched to bed at 5 A.M., leaving the Iraqi Minister, who had shared the presidential sofa from the beginning, to bear the brunt of the Gazi's eloquence for three hours longer, after which the Emir Zeid finished the evening with breakfast at the Angora Palace Hotel.

3. On the occasion of the Royal birthday cordial telegrams were exchanged between the two Heads of State and given prominence in the press.

4. I am sending a copy of this despatch to His Majesty's High Commissioner in Cairo.

I have, &c.
JAMES MORGAN.

[E 2046/178/44] No. 27.

Mr. Morgan to Sir John Simon.—(Received April 21.)

(No. 111.)

Sir, *Angora, March* 31, 1933.

WITH reference to Sir George Clerk's despatch No. 241 of the 19th July, 1932, regarding the Turkish budget for the financial year 1932–33, I have the honour to transmit to you the attached copy of a memorandum prepared by the acting commercial secretary to His Majesty's Embassy on the subject of the preliminary estimates for the budget for 1933–34.

2. It will be observed that, while the estimates of revenue and expenditure exceed those of the preceding year by nearly £T. 6 million, it is anticipated that this increase will be amply provided for by a higher yield in customs duties resulting from increased quota allocations, so that it is not proposed to legislate for the imposition of fresh taxes.

3. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN.

Enclosure in No. 27.

Memorandum.

THE budget estimates for the year 1933–34 have now been submitted to the Assembly and have been referred by that body to the Parliamentary Budget Commission.

Revenue has been estimated to yield £T. 175 million, as against expenditure amounting to £T. 174,994,020. The approved estimates for the current financial year were :—

	£T.
Revenue...	169,354,800
Expenditure	169,146,747

An increase in revenue of £T. 5,645,200 is, therefore, anticipated in the provisional estimates. No new taxes are proposed, but it is estimated that, as a result of the increased quota allocations, customs duties will yield £T. 6,750,000 more than in the current financial year.

Small increases are anticipated from certain other sources of revenue, such as internal transaction taxes, land and house property taxes, and succession duties, but, on the other hand, the yield of the "crisis" and "equilibrium" taxes during the first eight months of the present financial year has fallen short of the estimates and the anticipated revenue from each of these taxes has been reduced in the provisional budget by £T. 1 million. Minor reductions are anticipated in the yield of the live-stock tax, the profits tax and other taxes.

Revenues during the first eight months of the financial year 1932–33 have amounted to £T. 118 million, or 70 per cent. of the total estimates for the year.

On the side of expenditure, there is an increase in the estimates of £T. 5,847,873, as compared with the current financial year.

The departmental votes concerned in this increase are :—

	£T.
Public Debt	+1,138,618
Interior, Gendarmery and Public Security	+ 881,176
Hygiene...	+ 695,000
Agriculture	+ 515,000(1)
National Economy	+ 465,000
National Defence...	+ 427,240
Ministry for Foreign Affairs ...	+ 403,000
Education	+ 400,000
Justice	+ 309,994
Customs and Monopolies	+ 250,000
Statistical Office	+ 111,860
Other departments	+ 250,985

The Public Debt vote amounts to £T. 50,844,311, and includes—

	£T.
Pensions...	16,588,415
Bonds for public works	8,100,000
Bonds for military supplies ...	9,835,242
External debt	5,000,000
Interior loans	2,720,126
Redemption of bonds issued to the State Bank, and interest on these bonds	3,282,620
Repayment of advance from match monopoly	1,723,108
Other charges	3,588,800
	50,844,311

The National Defence vote is made up as follows :—

	£T.
Army	32,373,040
Aviation...	943,000
Marine	3,775,560
Military factories...	2,955,800
Cartographical section	603,505
	40,651,505

To this total should be added the sum of £T. 9,835,242, included in the Public Debt vote, for the redemption of bonds in respect of military supplies.

(1) The increase is in reality £T. 1,015,000, as an additional £T. 500,000, voted for the construction of agricultural institutes, has been transferred to the Public Debt vote.

The total credits allocated to the Ministry of National Defence are, therefore, £T. 50,486,747.

The proposed vote for the Ministry of Public Works remains unchanged at £T. 10,046,993, to which should be added the sum of £T. 8,100,000, which represents the value of the public works bonds borne on the budget of the public debt.

No credits for the construction of new ports and railways are provided for.

N. S. R.

March 29, 1933.

[E 1693/1575/44] No. 28.

Mr. Morgan to Sir John Simon.—(*Received April* 11.)

(No. 114.)

Sir, *Angora, March* 31, 1933.

WITH reference to your telegram No. 12 of the 28th March and previous telegrams regarding the British draft Disarmament Convention, I have the honour to report that, on learning the nature of the proposals contained in the convention, the Turkish Government, always thin-skinned and prone to see offence where none exists, displayed undue excitement and irritation. Turkish pride was hurt by the allotment to Turkey of a lower number of aeroplanes than those assigned to two States which Turkey is not disposed to regard as superiors, namely, Yugoslavia and Roumania, and by the omission of Turkey's army from the list of armies of continental Europe. This was held to imply that Turkey was not considered a European nation and that Turks were therefore non-Europeans. Responsibility for these two fancied slights to Turkish self-respect was at once fixed on His Majesty's Government and attributed to British ill-will towards Turkey, while the suggested reduction in the number of Turkish aircraft was held to be inspired by the British General Staff, anxious to diminish Turkey's offensive and defensive potentialities in the Straits.

2. The Minister for Foreign Affairs had been at first flattered and touched when on the 16th March, as instructed in telegram No. 1 of the 15th March from His Majesty's consul, Geneva, I gave him advance notice of the impending submission to the Disarmament Conference of the new British proposals, and he promised sympathetic consideration of them. But when the details of the conference reached Angora I became aware of a certain coolness and reserve in the attitude towards me of Tevfik Rüstü Bey and the higher officials of the Ministry for Foreign Affairs. As reported in my telegram No. 1 of the 18th March to you at Rome, Tevfik Rüstü Bey, in an interview to which he invited me, laboured the point that ill-will to Turkey was discernible in certain parts of the British convention. I have little doubt that he spoke under the direct inspiration of the President of the Republic and at the instigation of Numan Bey, the Under-Secretary of State for Foreign Affairs, who showed later that he took the fancied affronts to his country very much to heart. Proof of the Gazi's interest was given a few days later in the course of a reception at the Egyptian Legation, where, in conversation with the Iraqi Minister, he spoke at length of the belittlement or ignoring of Turkey in the convention. It is natural that the Gazi, who has so greatly raised the prestige of Turkey and whose whole ambition is to make his people indistinguishable from Occidentals, should resent any imputation that Turks are non-Europeans or that Turkey is not given what he imagines to be her rightful place in the world hierarchy. Under the impulsion, then, of the Gazi, Tevfik Rüstü Bey pressed me for an explanation which would quieten Turkey's fears, and at the same time instructed the Turkish Ambassador in London to make enquiries there. While awaiting the results of these enquiries a communiqué, of which I enclose a copy, was issued to the Turkish press to inform the public that certain parts of the draft convention required elucidation and that this was being sought for.

3. I think that it was subsequent to the interview mentioned above that the idea gradually dawned on the Turkish Government that article 96 of the draft convention could be used to claim for Turkey the abolition of those clauses of the Straits Convention, signed at Lausanne in 1923, which had reference to demilitarised zones, and by the 22nd March the idea had been sufficiently

elaborated to be submitted to a meeting of the Council of Ministers. Tevfik Rüstü Bey, whom I saw for a few minutes during the meeting, told me that the Turkish Government was on the point of deciding to ask for the removal of the clauses regarding the demilitarised zones, while respecting the engagement already taken to keep the Straits open, and the decision was taken that night and announced at Geneva on the 24th March, in the course of a speech by Cemal Rüsnü Bey, Turkish Minister at Berne, and delegate at the Disarmament Conference. A copy of the speech was circulated by the Ministry for Foreign Affairs to all foreign missions.

4. The decision to demand the suppression of demilitarised zones was a source of the greatest gratification to Turks in Angora, and a matter of much self-congratulation, and the feeling that Turkey had replied in a sensational manner to an imaginary attempt to slight her at once made the slights seem less grievous. It was, therefore, a satisfied and complacent Tevfik Rüstü Bey who received from the Turkish Ambassador in London an account of his interview with Sir Robert Vansittart, which was considered so entirely satisfactory that the temporary coolness in Anglo-Turkish relations vanished and was replaced by great friendliness. As reported in my telegram No. 12 of the 25th March, the Minister for Foreign Affairs still looked forward to a larger allotment of aeroplanes, and blamed his own General Staff for the ignorance of Turkey's military, naval and aerial strength which prevailed in foreign countries. If the Staff had allowed foreign military attachés to see more, and to attend manœuvres, Turkey would undoubtedly have larger allotments than those hitherto proposed in international conferences. As it was, military attachés had to rely on what they saw at the annual review on the 29th October, at which, last year, 60 aeroplanes took part, and on the information they picked up from foreign suppliers of war material to Turkey. The military attachés had not seen the five heavy guns, drawn by tractors, which had been received from Russia. None of Turkey's smaller neighbours possessed such guns. Eighty of the guns taken from the Greeks had been reconditioned and given greater firing velocity, at great expense, and the number of heavy guns taken at Kars was very great. This year, on the occasion of M. Litvinoff's visit on the 20th October, he intended to display 100 aeroplanes, while twenty others would be on show at Constantinople and twenty at Smyrna. All this would show Turkey's superior strength to Balkan nations, and reinforce Turkey's plea for higher allotments in effectives and material.

5. As regards the Straits, Tevfik Rüstü Bey said that he had no intention of shouldering the sole responsibility for keeping them open or closed. He preferred that the present situation should continue, for then no belligerent could saddle Turkey alone with the onus of deciding whether they should be open or closed. Turkey had no wish to be drawn into the quarrels of other nations, and, in international conferences, was never prepared to place herself without reserve under international guidance when it became a question of deciding on international action against any Power. Turkey would always keep herself free to decide whether she considered such action necessary, and Tevfik Rüstü Bey implied that Turkey would never consider such action necessary. (This idea is in accordance with the definition of Turkey's policy given in Sir George Clerk's despatch No. 257 of the 23rd July, 1932, about the effect on Turco-Russian relations of Turkey's entry into the League of Nations.)

6. The result of the interview of the Turkish Ambassador in London with Sir Robert Vansittart, and of my subsequent talk with Tevfik Rüstü Bey, was given to the public in the form of a communiqué published in the press on the 20th March. I enclose herein a copy of this communiqué, which has made a good impression on all classes of Turks. Subsequent to this the satisfaction of the Turkish Government was much increased by the speech which you delivered at Geneva on the 28th March, and the parts relating to Turkey were greatly appreciated. Tevfik Rüstü Bey expressed to me his deepest gratitude for your words, and had the relevant parts of your speech translated *in extenso* and published in the press of the 20th March.

7. The coolness in Anglo-Turkish relations may therefore be considered to be at an end, and Turkey will consider the draft Disarmament Convention sympathetically, while at the same time aiming at securing satisfaction for the Turkish point of view, especially in regard to aircraft and the Straits. I have not given Tevfik Rüstü Bey any encouragement in regard to the Turkish proposals

concerning the demilitarised zones, apart from remarking on his cleverness in using a disarmament plan to increase Turkish fortifications.

8. In conclusion, I would refer to a point which, while not arising out of the draft Disarmament Convention, has yet been occasionally linked with it in the local press, namely, the Italian four-Power proposal. The Gazi, and, of course, the Turkish Government, heartily dislike the idea that other Powers might take decisions affecting Turkey's future without consulting Turkey. In this connexion I need do no more than refer to the speech made by the President of the Republic on the 29th October, 1932, and mentioned in paragraph 4 of Sir George Clerk's despatch No. 356 of the 2nd November, 1932.

I have, &c.

JAMES MORGAN.

Enclosure 1 in No. 28.

Communiqué published on March 18.

Comment la Turquie accueille le Plan MacDonald.

LES impressions produites dans les cercles de la capitale par la proposition de Mr. MacDonald, au sujet de la réduction des armements, peuvent, pour le moment, se résumer comme suit :

En premier lieu, on ne comprend pas, par les informations arrivées jusqu'ici, quelle idée le Premier anglais se fait de la nouvelle Turquie. Ensuite, le fait que le nombre d'avions qu'on projette de fixer pour la Turquie est plus bas que ne doit le comporter sa situation de neutre par rapport aux nations qui sont dans le même cas qu'elle, par rapport à sa situation particulière et par rapport aux conditions générales, n'a pas produit ici une impression favorable.

Néanmoins, on attend ici de nouvelles informations et de nouveaux détails, sur ce projet, afin de l'étudier mûrement.

Enclosure 2 in No. 28.

Communiqué published on March 26.

COMME première impression des milieux d'Ankara, nous avions annoncé qu'il n'apparaissait pas clairement comment la proposition MacDonald considérait la Turquie.

Nous apprenons de source autorisée que, ces jours derniers, notre Gouvernement a demandé, tant par l'intermédiaire de notre Ambassadeur à Londres que par les soins du Chargé d'Affaires de Grande-Bretagne à Ankara, à être éclairé de la part du Gouvernement de Londres.

Mr. Morgan, Chargé d'Affaires du Royaume-Uni, a visité hier dans l'après-midi notre Ministre des Affaires étrangères.

Selon les nouvelles qui ont transpiré au sujet des derniers renseignements parvenus de Londres ainsi que des conversations qui ont eu lieu au cours de cette visite, le Gouvernement anglais a déclaré qu'il reconnaissait la Turquie comme un Gouvernement essentiellement européen. La façon dont la Turquie est traitée dans la proposition anglaise déposée à la Conférence de la Limitation des Armements n'est pas due à une hésitation quelconque ou à une tout autre idée, mais uniquement à la considération que la Turquie soit libre dans la position qu'elle désirerait suivant les intérêts qu'elle fera valoir. Il est exposé de même que la proposition d'avions suggérée pour la Turquie est un sujet susceptible d'être discuté, modifié et complété.

L'essentiel, c'est la déclaration précise et cordiale que le Gouvernement de Grande-Bretagne attache une grande valeur à l'amitié anglo turque, qui se développe de plus en plus.

Notre Ministre des Affaires étrangères a remercié pour ces déclarations précises et il a exprimé avec la même cordialité que lesdits sentiments correspondaient entièrement à la pensée et aux sentiments du Gouvernement de la République.

[E 1893/1575/44] No. 29.

Foreign Office to Admiralty.

Sir, *Foreign Office, April* 18, 1933.

WITH reference to Foreign Office letter of the 28th March, regarding the attitude of Turkey towards the United Kingdom draft Disarmament Convention, and in particular regarding the Turkish desire to secure, in connexion with that convention, the abrogation of those provisions of the Lausanne Peace Settlement which relate to demilitarised zones, I am directed by Secretary Sir John Simon to request you to lay before the Lords Commissioners of the Admiralty the accompanying copy of a despatch on the subject from His Majesty's Chargé d'Affaires in Turkey.(1)

2. Sir John Simon would welcome an early expression of their Lordships' views on the Turkish request for the abolition of the demilitarised zones defined in article 4 of the Straits Convention, as a preliminary to consultation with the other Departments concerned, regarding the policy to be adopted in this matter.

3. Copies of this letter are being sent to the War Office, Air Ministry, India Office, Dominions Office and the Committee of Imperial Defence.

I am, &c.

J. C. STERNDALE BENNETT.

(1) No. 28

[E 2036/321/44] No. 30.

Mr. Morgan to Sir John Simon.—(Received April 20.)

(No. 128.)

Sir, *Angora, April* 12, 1933.

WITH reference to my despatch No. 124 of the 1st April, 1932, I have the honour to transmit to you copy of the report of the Straits Commission for the year 1932.(1)

2. It will be seen that the report contains nothing of a controversial nature with the exception of the opinion, which has been expressed in previous reports, and which is recorded in p. 8 of the present report, that the levying of sanitary dues and the imposition of sanitary visits on vessels passing through the Straits in transit is a breach of the stipulations of paragraphs 1 and 6 of the annex to article 2 of the Straits Convention.

3. As regards the observation made in p. 13 on the subject of wireless direction-finding installations at the entrance to the Bosphorus, I am informed by Captain Macdonald, D.S.O., R.N., the British representative on the Straits Commission, that there is reason to believe that the Turkish Government are now disposed to give their favourable consideration to this question, but that they require further technical advice as to the best system to adopt.

4. A table on p. 94 of the report shows the movement of tonnage through the Straits during the year, the total being somewhat less than that for the preceding year. In particular, the three leading countries, Italy, Great Britain and Greece, show a considerable decrease, while the tonnage under the Norwegian flag represents a marked increase.

5. Attention is invited to the footnote on p. 62 of the report, wherein it is stated that the commission anticipate certain modifications in the stipulations of the regulation regarding ports of war. It will be recollected that in his despatch No. 74 of the 2nd March last Sir George Clerk reported that these articles had been modified, and a copy of the articles in their amended form was transmitted with that despatch.

6. The regulations concerning the sanitary measures applicable to vessels calling at Turkish ports, quoted in pp. 36 and 37 of the report, have recently been

(1) Not printed

modified by Decree No. 13952, published on the 15th March last, a translation of which was enclosed in my despatch No. 118 of the 3rd instant.

7. With regard to the information set forth in pp. 76 and 79 of the commission's report on the subject of air routes across Turkey, I think it well to state that, although His Majesty's Embassy have still not received a written reply from the Turkish Government to their repeated enquiries, there is no reason to believe that any routes other than those specified in the enclosure in your despatch No. 131 of the 14th April, 1932, are authorised by the Turkish Government. In view of the discrepancy which exists between the commission's statements on this subject and the information in the possession of His Majesty's Embassy, I propose to bring the relevant correspondence to the notice of the British representative on the Straits Commission.

I have, &c.
JAMES MORGAN.

E 2056 178 44 No. 31

Mr. R. H. Campbell to Sir John Simon.—(Received April 21.)

(No. 567.)

Sir, *Paris, April 20, 1933.*

WITH reference to your despatch No. 638 of the 11th April, I have the honour to inform you that I was requested to call at the Ministry for Foreign Affairs this evening in order to receive an urgent communication on the subject of the Ottoman debt negotiations.

2. On arrival, M. de Saint-Quentin described to me the circumstances in which the new contract regarding the composition of the Council had been negotiated and said that it was hoped that the signature could take place on Saturday next. The new contract, however, represented a derogation from the terms of the Treaties of Versailles and Lausanne by which Germany and the other ex-enemy countries had resigned their claims to representation on the Council. It would be possible to maintain that the new contract which was about to be signed represented an entirely new situation without connexion with that which was governed by the treaties. That was a position, however, which the French Government considered a dangerous one to adopt and they were anxious therefore, as M. de Saint-Quentin expressed it, not to cut the bridges altogether between the treaty position and the new contract. In these circumstances the French Government had considered that some expression of official approval of the new agreement by the Governments concerned was called for. Unless, moreover, there was on record some such expression of approval there was a certain danger that the representatives of the bondholders might be unwilling to sign the agreement and the Turkish Assembly would be unwilling to ratify it. M. de Saint-Quentin therefore handed to me the text of a draft note which the French Government proposed should be addressed to the British, German, Belgian, Italian and Turkish Ambassadors in Paris to which they should return similar replies, thus constituting an exchange of notes which could be held to represent the formal approval by the signatories of the treaties of the alteration in the composition of the Council now introduced by the new contract.

3. I have the honour to enclose herewith the text of the draft note in question.(1) The Ministry were anxious that, if possible, His Majesty's Government should signify their approval of the proposed procedure and the terms of the draft by Saturday. I should be grateful if I might therefore receive instructions at your earliest convenience.

I have, &c.
R. H. CAMPBELL.

(1) Not printed.

[E 2328/1578/44] No. 32.

Sir John Simon to Sir G. Clerk (Angora).

(No. 167.)

Sir, *Foreign Office, May 3, 1933.*

WITH reference to Mr. Morgan's despatch No. 114 of the 31st March, I have to inform your Excellency that the Turkish Ambassador called at the Foreign Office to-day, under instructions from his Government, in order to draw the attention of His Majesty's Government in the United Kingdom to the situation which will arise under the disarmament plan put forward at Geneva on the 16th March by the United Kingdom delegation, in regard to the demilitarised zones in the Straits and in Thrace.

2. The Ambassador said that the Turkish Government were anxious to support in every way the plan put forward by His Majesty's Government, and regarded that plan as generally practicable. They hoped, however, that His Majesty's Government would consider in friendly co-operation with them the effect which the measures of disarmament proposed in the plan would have on the existing position in the demilitarised areas in the Straits and in Thrace. I had, he alleged, assured the Turkish delegation at Geneva that the disarmament plan would not affect any of the demilitarised zones, and the Turkish Government realised that this was perfectly true as regards the Rhineland, which is covered by the guarantees contained in the Locarno Treaty. The Straits and Thrace, however, were subject to no such guarantees, and the Turkish Government therefore felt that, in order to meet the measure of disarmament proposed in His Majesty's Government's plan, it would be necessary for them to put forward certain demands, including possibly one for "coastguard guns for the Straits," which they greatly hoped that His Majesty's Government would be able to support.

3. Mehmet Munir Bey was asked whether the Turkish Government had requested him to put any definite proposals on this matter before His Majesty's Government, or whether, as seemed more practical, they would give the necessary instructions to their delegation at Geneva to have the question raised and discussed at Geneva with the United Kingdom and other interested delegations. His Excellency replied that his object was to inform His Majesty's Government of the views of his Government generally, and to ask that His Majesty's Government, with whom the Turkish Government desired to work in friendly co-operation, would give the matter sympathetic consideration.

I am, &c.
JOHN SIMON.

[E 1953/83/44] No. 33.

Sir John Simon to Sir George Clerk (Angora).

(No. 163.)

Sir, *Foreign Office, May 3, 1933.*

IN my despatch No. 119 of the 5th April I enclosed for the information of His Majesty's Chargé d'Affaires a copy of a letter from the Board of Trade, dated the 3rd April, on the import restrictions in force in Turkey in their relation to Anglo-Turkish trade, and more particularly to the most-favoured-nation provisions of article 16 of the Anglo-Turkish Commercial Treaty of the 1st March, 1930.

2. In that letter the Board explained their objections to the import control system at present operating in Turkey, and suggested in paragraphs 5–7 the lines on which representations ought, in their view, to be made to the Turkish Government.

3. As a result of further consideration the Board are now inclined to modify the recommendations made in their letter of the 3rd April. They doubt whether it would be safe to press the argument suggested in that letter, based on article 16 of the Anglo-Turkish Commercial Treaty, in the case of countries other than Spain and the United States, since, so far as Japan, India, the South American countries and Portugal are concerned, it appears that the treatment which the Turkish Government are prepared to concede is not freedom from all quota

restrictions, but limited freedom based on compensation. Thus the Board consider that all that article 16 of the Anglo-Turkish Commercial Treaty would enable His Majesty's Government in the United Kingdom to claim, in relation to these countries, would be equally good compensation terms. On the information at their disposal, the Board gather that the treatment which is at present accorded to commodities from the United Kingdom is probably, in fact, as good, or practically as good, as that granted in the case of Japan, India, the South American countries and Portugal. Provided, therefore, that your Excellency agrees that this is the case, the Board consider that it would be better not to refer to the treatment accorded to Japan, the South American countries and Portugal (no reference should in any case be made to India, for inter-Imperial reasons), but to base representations merely on the treatment granted to Spain and the United States.

4. The recommendations made in paragraphs 5-7 of the Board of Trade's letter of the 3rd April, modified as now suggested, are attached to this despatch, for convenience of reference, in the form of a memorandum, and provided that you agree that no reference should be made to Japan, the South American countries and Portugal, and subject to any observations which you may wish to make, I request that you will now approach the Turkish Government on the lines proposed in that memorandum. I am prepared to leave it to your discretion to determine in the light of your local knowledge and experience the best form and method of approach, but I shall be glad to receive an early report of such action as you may decide to take, together with a copy of any written communication which you may make to the Turkish Government.

5. In my despatch No. 138 of the 18th April, I enclosed a copy of a semi-official letter from the Board of Trade, explaining why, in their suggested representations to the Turkish Government, no mention had been made of the question of exchange restrictions. I shall be glad if you will, in the light of the views contained in that letter, report to me in due course whether you consider that any action by His Majesty's Government in the United Kingdom is called for on the question of exchange restrictions, apart from the point dealt with in the third and fourth paragraphs of Mr. Morgan's despatch No. O. T. (A) 9 of the 16th March, regarding which separate instructions are being sent to you.

I am, &c.,
JOHN SIMON.

Enclosure in No. 33.

Memorandum respecting Recommendations by the Board of Trade as to the Lines on which Representations should be made to the Turkish Government.

IN the first place, it might be pointed out to the Turkish Government that the United Kingdom ranks high among Turkey's export markets. (Statistics are given in the Board of Trade's letter of the 3rd April.) In the second place, no restrictions are placed on the importation of Turkish produce into the United Kingdom, nor on payments to Turkey. His Majesty's Government in the United Kingdom consider that these facts, apart from all questions of treaty rights, entitle the commerce of the United Kingdom to receive at the hands of the Turkish Government the most favourable treatment possible. His Majesty's Government, however, observe in this connexion that certain countries have, apparently, been granted the right to export their goods to Turkey without restrictions in return for the abatement of restrictions previously imposed on payments to Turkey or on account of the absence of restrictions on the import of Turkish goods.

2. His Majesty's Ambassador should then refer to the Turco-Spanish agreement and to the concessions made to the United States of America, and should say that, having regard to article 16 of the Anglo-Turkish Commercial Treaty of 1930, His Majesty's Government consider that, in respect of every class of commodity which the United Kingdom exports to Turkey, the United Kingdom is entitled to treatment no less favourable than any other country which exports like goods to Turkey, and is further entitled to claim that the quota system shall not be so operated as to reduce this country's proportion of the Turkish import trade, either in the aggregate or in respect of particular

commodities. In this connexion, particular reference should be made to the position as regards cotton yarns and manufactures, and it should be submitted that, inasmuch as the United States of America have been conceded the right to export these goods to Turkey without restrictions, the United Kingdom is entitled unconditionally to the same right. After developing these arguments His Majesty's Ambassador might express his confidence that the Turkish Government, recognising their obligations under the Anglo-Turkish Commercial Treaty, will proceed forthwith to remove the present restrictions on (1) all classes of United Kingdom cotton yarns and manufactures which are specified in the schedule to the decree (No. 13757, dated the 14th January, 1933) regulating the admission of United States goods into Turkey, as well as on motor cars and all other classes of goods of a kind which are scheduled to that decree, or (2) are imported without restriction from Spain.

3. His Majesty's Ambassador might emphasise that His Majesty's Government consider themselves indisputably entitled to the treatment above mentioned, in view of the unconditional most-favoured-nation treatment prescribed by the Anglo-Turkish Commercial Treaty, and irrespective of any extraneous consideration.

C 4050/977/7] No. 34.

Sir G. Clerk to Sir John Simon.—(Received May 5.)

(No. 140.)

Sir, *Angora, April 27, 1933.*

I HAVE the honour to report that on the 18th April the *Anadolu Ajansi*, the semi-official Turkish Press agency, issued the following telegram from its Sofia correspondent:—

> "*Sofia* 17.—Hier dans la nuit, une bande bien organisée et composée de 200 Bulgares a détruit le cimetière turc à Rasgrat. Le cimetière est situé à proximité de la ville. Les agresseurs ont brûlé tout d'abord la baraque du gardien. Puis, ils ont coupé les fils de fer entourant le cimetière, ils y sont entrés et ils ont brisé toutes les pierres des tombeaux, devant les yeux effarés de la population turque pleine d'angoisse. Les agresseurs ont ouvert les tombes et ils ont retiré les cadavres récemment inhumés. La population turque se lamente devant les tombes saccagées et salies de leurs pères, mères et enfants. Le mufti de Rasgrat, chef de la communauté turque, a adressé des télégrammes aux membres du Gouvernement, aux leaders du Parlement et aux journaux bulgares.
>
> "*Agence Anatolie:* Nous réservons évidemment des détails et des renseignements qui éclairciront cet incident."

2. Angora commented on this report with restraint, but it gave rise to excitement at Constantinople. Yunus Nadi, in the *République*, was, of course, at once prominent in pouring oil on the flames. Moved by the "ignoble outrage" on the universal sentiment of respect for the dead, he expressed an affecting but unconvincing indignation at the profanation of the cemetery, constituting an act of irreverence towards sacred things, and assured his readers (who needed the assurance) that his censure of the wrong-doers would have been as severe even if the profaned cemetery had not been Turkish. He was especially severe on the mob taking the law into their own hands.

3. Within a few hours of condemning the Bulgarian mob Yunus Nadi had to report that the Association of Constantinople Students, despite the refusal of the authorities to allow them to hold a meeting, gathered in front of the Bulgarian consulate, to the number of 6,000, and protested against the Razgrat incident. They then marched to the Bulgarian cemetery, broke through the police cordon and deposited wreaths on the tombs. On returning they had an encounter with the police, who arrested five students and took them to the police station, whereupon the crowd surrounded the station and only dispersed on receiving the promise of the police that their friends would be released. Later, eighty students were arrested for organising the meeting without permission, and twenty-three have since been imprisoned, while the association is to be dissolved.

4. The Bulgarian Minister, newly arrived in Angora, has been able to calm the representatives of the local press, and, while expressing regret for the incident, was able to give details which show that the incident was falsely reported and that it has been given an exaggerated importance. The Bulgarian agency's account of the incident has been issued by the *Anadolu Ajansi* and is as follows:—

"*Sofia* 20. L'Agence bulgare apprend ce qui suit sur l'incident du cimetière turc de Razgrad: Il s'agit d'un vieux cimetière turc désaffecté, comme c'est souvent le cas, par suite de la rapide extension des villes et des raisons de l'hygiène. A Razgrad, depuis 1929, le conseil hygiénique avait pris la décision de rattacher ledit cimetière turc désaffecté au parc municipal. La population turque dispose dans cette ville de trois autres cimetières. Cependant, dernièrement de nouveaux enterrements eurent lieu dans ledit cimetière contrairement à ladite décision du conseil hygiénique. Un groupe de jeunes gens enlevèrent, le 14 avril, le fil de fer entourant ledit cimetière et ils mirent le feu à la chaumière qui s'y trouvait. Les informations que les cadavres furent exhumés sont absolument fausses. Seulement quelques pierres furent renversées. Les autorités prirent des mesures rapides pour découvrir et punir les coupables. Le préfet et un inspecteur de police se rendirent sur les lieux. Il ressort de l'enquête que l'acte réprouvable commis par les jeunes gens était dirigé non pas contre la population turque, mais contre les autorités municipales bulgares pour accélérer l'application de la décision du conseil hygiénique. Les véritables mobiles en sont donc étrangers à tout ressentiment à l'égard de la population turque et la réprobation unanime manifestée dans tout le pays indique suffisamment les vrais sentiments du peuple bulgare à l'endroit de la population turque en Bulgarie."

5. The Bulgarian Minister spoke to local press representatives in the sense of the above communiqué, and added that the aggressors of the cemetery were some fifteen or twenty in number who wished to force the issue of a discussion between the Bulgarian municipal authorities and the Turkish population in regard to the conversion of a disused cemetery into a park. He suggested that the manifestants belonged to a party hostile to other elements in Bulgaria, and not to Turks only. After his explanations, one of the press representatives exclaimed that similar things happened in Turkey and that there was no need to attach any further importance to the matter. M. Antonoff told a member of my staff that an ugly feature of the matter was that the Sofia correspondent of the *Anadolu Ajansi* was a member of the Turkish Legation there, and that the latter had evidently not taken the slightest trouble to verify and check the charges he made but had made them in a false and sensational fashion.

6. It is becoming evident that the Turkish Government is not anxious to let the matter embitter Turco-Bulgarian relations and will let it die as soon as it can. Although an article in the *République* calls on Bulgarians to declare plainly whether they are friends or enemies of Turkey, and to state whether they still have designs on Adrianople or not, the Turkish Government does not want a hostile Bulgaria and will not allow anti-Bulgarian agitation to develop here. It is interesting to contrast its attitude on this occasion and on that of the Wagons Lits incident reported in my despatch No. 78 of the 2nd March, 1933. It blames the anti-Bulgarian students now for holding a meeting without authorisation, thereby implying that it authorised the anti-Wagons Lits demonstration then and it now punishes the aggressors whereas it then persecuted the aggressed.

7. I venture to think that another reason for the official wish that the agitation should subside is that in the matter of desecration of cemeteries the Turkish conscience cannot be quite clear. Its own record is far from being above reproach. There is, one may say, no respect for the dead in Turkey. All Pera is built on cemeteries. The Greek and Armenian cemeteries in Smyrna, to take only one instance, have been defiled and the tombs rifled. The Protestant cemeteries at Buca and Caravan Bridge are actually under threat of appropriation for so-called town improvements. The Ministry for Foreign Affairs in Angora is built on a Christian graveyard used until shortly before its construction. The present poor Christian cemetery at Angora is an unenclosed spot on a rocky hillside where a grave can be dug with difficulty and where wooden or stone crosses

are at once stolen or broken by soldiers and other passers-by. While this, of course, may be explained by hatred of the Cross, it is not so long since a Bulgarian was dug up shortly after his burial for the sake of his best suit, in which he had been buried. This offence has not been repeated, for the relatives are now careful to let it be known that the dead are no longer buried in their best suits.

8. I am sending a copy of this despatch to His Majesty's Minister at Sofia.

I have, &c.
GEORGE R. CLERK.

[E 2352/664/89] No. 35.

Sir G. Clerk to Sir John Simon.—(Received May 5.)

(No. 149.)

Sir, *Angora, April 28, 1933.*

WITH reference to the last sentence of the *Déclaration commune* transmitted with Mr. Morgan's despatch No. 372 of the 12th November, 1932, relating to the Franco-Turkish agreement on the future of the portion of the Bagdad Railway lying between Bozanti and Nissibin, I have the honour to report that the Adana Fevzi Pasha section of the railway was transferred to the Turkish State Railways Administration at midnight on the 26th instant in accordance with the terms of the above agreement.

2. According to the semi-official *Hakimiyeti Milliye*, of the 1,190 kilom. of line between Konya and Nissibin which constitute the Bagdad Railway, 980 are in Turkish territory; of these 980 kilom., 511 are now controlled by the Turkish State Railways Administration, while the remaining 469 kilom. are to be exploited by the Turkish company, to be formed with French, and possibly also Turkish, capital, provided for in article 1 of the Franco-Turkish agreement of the 27th October, 1932 (Enclosure No. 2 in my despatch No. 372 of the 12th November, 1932).

3. The *Hakimiyeti Milliye* adds that 11 locomotives, 8 coaches, 2 vans and 120 wagons have been handed over to the Turkish State Railways Administration at the same time as the control of the Adana–Fevzi Pasha section.

4. I am sending a copy of this despatch to His Majesty's Ambassador in Paris.

I have, &c.
GEORGE R. CLERK.

[C 4057/977/7] No. 36.

Mr. Waterlow to Sir John Simon.—(Received May 5.)

(No. 121.)

Sir, *Sofia, April 28, 1933.*

WITH reference to my despatch No. 98 of the 31st March last regarding Bulgaro-Turkish relations, I have the honour to report that considerable resentment has been aroused here by protests on the part of the Turkish press and public against the desecration of a Turkish cemetery in the outskirts of the town of Razgrad in North-Eastern Bulgaria. According to the accounts of the incident published in the Turkish newspapers on information received from Nadji Bey, the Sofia correspondent of the Anatolian Telegraphic Agency, a crowd of 200 Bulgarians broke into the cemetery on the 14th April, burned the hut of the guardian, overturned the tombstones, and exhumed some of the corpses.

2. With the exception of the last detail, the official Bulgarian version admits these facts, but declares that the cemetery in question was a disused burying ground which, according to a recommendation of the Public Health Department in 1929, ought long since to have been incorporated in the municipal park. The persons who raided it were an irresponsible band of young hooligans prompted by indignation at the failure of the municipal authorities to carry this recommendation into effect, and Turcophobe feelings in no way inspired their excesses.

3. In a statement to the Sobranje on the 24th instant, the President of the Council announced that on the 23rd instant he had met the Turkish Foreign Minister, who was passing through Ploydiv station on his way to Geneva, and that their interview had disposed of the affair. M. Moushanoff added that sanctions would be enforced against Nadji Bey if he did not correct the erroneous reports transmitted to Istanbul, and he alluded in veiled terms (a remark which has incensed the Yugoslav Legation here) to "foreign influences" which sought to keep Bulgaria and Turkey apart.

4. Nadji Bey has returned to Istanbul, thus forestalling the threat to deport him, and the members of the Turkish community of Razgrad who first informed him of the raid have also left for Turkey. I learn from the Turkish Legation here that, notwithstanding M. Moushanoff's account of his conversation with Tevfik Rüstu Bey, the Turkish Government are not prepared to regard the incident as satisfactorily closed until punishment has been meted out to the offenders. The affair has roused particular feeling, as Razgrad is the native town of the mother of the Turkish Prime Minister.

5. Copy of this despatch has been sent to His Majesty's Ambassador in Turkey.

I have, &c.
S. P. WATERLOW.

E 2464 1575 44 No. 37

Admiralty to Foreign Office. (*Received May* 10.)

(C. 9164.)

Sir, *Admiralty, May* 9, 1933.

WITH reference to your letter of the 18th April, 1933, concerning the Turkish desire to secure the abrogation of those provisions of the Lausanne Peace Settlement which relate to demilitarised zones, I am commanded by my Lords Commissioners of the Admiralty to forward the following observations for the consideration of the Secretary of State for Foreign Affairs.

2. At the 166th Meeting of the Committee of Imperial Defence on the 8th December, 1922, the Chiefs of Staff advised that the freedom of the Straits could be ensured in peace and war by the destruction of all Turkish fortifications in the Bosphorus and Dardanelles and by the establishment of demilitarised zones. Their advice was based on the following arguments, as given in the minute of the meeting:

(i) The First Sea Lord stated that "it was clear that if Turkey were not permitted to construct fortifications in the Straits in time of peace she would not be able in a night or in a week to close the passage of the Straits to warships; and our fleet would have more than a few days at its disposal during which it would be able to bring naval pressure to bear upon the Turkish Government at Constantinople."

He further stated that "it would take months for the Turks to acquire the powers of offence and defence necessary to close the Straits to our fleet."

(ii) The C.I.G.S. considered that "it would be deplorable to give up the demand for demilitarisation. Success and failure in war depended a great deal upon what happened in the first week. If the Straits were fortified our fleet could not rush the Straits. On the other hand, if the Straits were unfortified, the fleet would have a good chance of passing through the Straits and being able to bring pressure to bear at Constantinople."

He further considered "that there was a wide difference between demilitarisation and not allowing the Turks to construct new fortifications."

(iii) The Chief of the Air Staff considered that it was impossible to maintain the view that the fortification of the Straits, combined with a guarantee by Turkey, was of greater value to us than the demilitarisation of the Straits. Also "that the few days of freedom of action that would be gained at the beginning of the war through the demilitarisation of the Straits would be of inestimable value, more especially in regard to air operations."

3. The principal new factor since that day is the decreased importance of Constantinople in that Angora is now firmly established as the Turkish seat of Government. From this, the value of being able to rush the Straits and to coerce Turkey by threatening Constantinople has to be reconsidered from the political point of view.

4. If relations became strained between Russia and a Western Power, Russian pressure might possibly be brought on Turkey to refuse passage to warships. If the Straits were fortified, Turkey could not deny her power to do so; so long, however, as the Straits remain unfortified, Turkey could plead her inability to aid Russia in this way. "Au contraire," a fortified Straits would mean that a Russo-Turkish alliance would be of greater military value.

5. Further, if it were necessary for a naval Power to operate in the Black Sea, it would be a greater risk to do so with an impregnable Dardanelles and Bosphorus on the lines of communication than if the Straits were in a demilitarised condition.

6. It is exceedingly difficult to judge, in view of modern military weapons and powers of transport, to what extent and with what rapidity a demilitarised Straits could be made so dangerous as to necessitate the withdrawal of naval forces sent into the Black Sea. The risk involved would also depend on the observation that could be kept on the demilitarised area so that any dangerous move by Turkey could be parried. Nevertheless, the fact remains that a fortified Straits could be closed *instantly*, a demilitarised Straits could not.

7. From the above mainly military arguments, my Lords consider that fortification of the Straits still possesses, to a great extent, the disadvantages pointed out by the Chiefs of Staff in 1922. Moreover, the question confronting us now is not one of forcing a treaty on an unwilling Turkey, but of holding Turkey to her treaty obligations.

8. The opinion of my Lords may be summarised as follows:

(1) If it was necessary to coerce Turkey it would be less difficult to do so with demilitarised than with fortified Straits.

(2) For any operation against Russia necessitating moving naval forces into the Black Sea, a friendly Turkey is essential, whatever the status of the Straits.

(3) Turkey could undoubtedly create strong extemporised defences in the Dardanelles and the Bosphorus with some rapidity, depending on the state of her preparations. Although these extemporised defences would never be so formidable as permanent ones, they could be such as to make it dangerous to become committed to operations in the Black Sea unless the friendship of Turkey had been previously guaranteed. Turkey is known also to have considerable air forces, which, if efficient, could be highly embarrassing.

(4) If pressure was brought on Turkey by Russia to become hostile to us after our naval forces were committed in the Black Sea, it is considered such pressure would be less likely to be effective on Turkey if the Straits were still demilitarised.

(5) Whether a friendly Turkey can be ensured better by allowing her to refortify the Straits or by keeping them demilitarised is mainly a political question of great difficulty. Whatever the initial Turkish support a claim to cancel demilitarisation, a change in this feeling in years to come might occur, and, if so, the enormously increased strength of Turkey's political and military position, owing to the fortifications, would leave her more free to turn either towards us or against us.

(6) They consider, therefore, that refortification of the Straits should not be permitted.

9. Copies of this letter have been sent to the War Office, Air Ministry, India Office, Dominions Office and Committee of Imperial Defence.

I am, &c.
J. S. BARNES

[E 2495/130/44] No. 38.

Mr. Strang to Sir John Simon.—(Received May 12.)

(No. 243.)

Sir, *Moscow, May 6, 1933.*

WITH reference to Sir E. Ovey's despatch No. 143 of the 13th March regarding the presence of the Turkish industrial delegation in the Soviet Union, which has been visiting various Soviet textile mills and the textile machinery works at Leningrad, I have the honour to report that the Soviet press has announced the organisation of a new All-Union Trust, "Turkstroi," which is to deal with the Turkish business undertaken as a result of the 8-million-dollar credit granted to the Turkish Government last year for the purchase of Soviet industrial equipment. According to an order of the Commissariat for Heavy Industry, the text of which has not yet been published, "Turkstroi" is to be organised under that Commissariat, with A. Y. Zolotarev, a member of the Collegium of the Commissariat and a former member of the Soviet trade delegation in Turkey, as its manager, and A. Zigitin as his assistant. "The general direction and supervision of the work of the trust" is to be entrusted to Kaganovich.

2. In an interview which he has given to the *Moscow Daily News*, Zolotarev is reported as having stated that Turkstroi is to be responsible for the construction of a group of textile factories at Kayseri which are to be built according to Soviet designs and completed during the year. "This new departure," added Zolotarev, "not only indicates the growing technical strength of the Soviet Union, but also clearly defines its friendly attitude towards the recently liberated Eastern countries."

3. I am sending copies of this despatch to the Department of Overseas Trade, the Export Credits Guarantee Department, and His Majesty's representative in Turkey.

I have, &c.
WILLIAM STRANG

E 2505 178 44 No. 39.

Lord Tyrrell to Sir John Simon.—(Received May 13.)

(No. 689.)

Sir, *Paris, May 12, 1933.*

WITH reference to your telegram No. 54 of the 22nd April last, I have the honour to transmit to you herewith a copy of a note which I have received from the Ministry for Foreign Affairs regarding the new contract signed between the representatives of the Turkish Government and the bondholders of the Ottoman debt.

2. You will observe that this note differs in certain particulars from the draft communicated to you under cover of my despatch No. 567 of the 20th April last. The competent official at the Ministry for Foreign Affairs has, however, informed me that these variations are only intended to bring the French note, in so far as the nomination of the new members of the council is concerned, into closer conformity with the text of the new contract signed on the 22nd April, and to restrict the responsibility of the Government of the Republic to such questions as actually concern them.

3. In view of these modifications of the original French draft, I should be glad to learn as soon as possible whether I am still authorised to address to the Government of the Republic a note on the lines laid down in your telegram No. 54

I have, &c.
TYRRELL.

Enclosure in No. 39.

French Ministry for Foreign Affairs to Mr. R. H. Campbell.

M. le Ministre, *Paris, le 22 avril 1933.*

D'APRÈS mes informations, le contrat qui doit être signé, aujourd'hui, entre les représentants du Gouvernement turc et ceux des porteurs de la dette publique répartie de l'ancien Empire ottoman contient une clause aux termes de laquelle le Conseil de la Dette, dont la composition actuelle est fixée par l'article 18, paragraphe 2, du contrat du 13 juin 1928, comprend désormais trois sièges nouveaux qui seront dévolus respectivement à :

Un représentant des porteurs allemands, nommé par le Syndicat des Banques;

Un représentant des porteurs français, nommé par l'Association nationale des Porteurs français de Valeurs mobilières;

Un représentant des porteurs français et des porteurs belges, nommé d'un commun accord par l'Association nationale française des Porteurs de Valeurs mobilières et par l'Association belge pour la Défense des Détenteurs de Fonds publics. Ces deux associations devant désigner un délégué français et un délégué belge qui occuperont alternativement ce siège par roulement.

J'ai l'honneur de vous faire connaître que le Gouvernement français, dans la mesure où son assentiment à ces dispositions est nécessaire, n'élève pas d'objections à leur encontre. Il est entendu que le Conseil de la Dette, dans sa composition actuelle, restera compétent pour les missions qui lui sont confiées par le Traité de Lausanne et pour la conduite des négociations avec les autres États successeurs de l'ancien Empire ottoman. Le Gouvernement français ne verrait, d'ailleurs, aucun inconvénient à ce que, dans les contrats qui interviendraient entre les porteurs et les autres États successeurs, la représentation des porteurs fût organisée sur les mêmes bases que dans le nouveau contrat avec la Turquie.

Je vous serais reconnaissant de me faire savoir si les vues que je viens de vous exposer s'accordent avec celles de votre Gouvernement.

Agréez, &c.
(Signature illisible.)

[C 4369/2496/19] No. 40.

Sir P. Ramsay to Sir John Simon.—(Received May 16.)

(No. 175.)

Sir, *Athens, May 10, 1933.*

WITH reference to Mr. Morgan's telegram No. 2, Saving, of the 19th April, regarding the visit of the Turkish Minister of National Economy and Under-Secretary of State for Foreign Affairs to Athens in order to negotiate a commercial agreement between Turkey and Greece, I have the honour to inform you that these Ministers arrived in Athens on the 28th April and were entertained at dinner on the same evening by the Greek Government. At this dinner cordial speeches filled with expressions of friendship were exchanged. During the following ten days negotiations took place between the Turkish delegates and the Greek Prime Minister and Minister of National Economy, which resulted in the signature of a commercial agreement yesterday morning. I have the honour to transmit to you herewith a copy of the text of this agreement, together with a protocol concerning imports of Turkish coal into Greece.(1) The list annexed to the agreement was not published in the press, but a copy thereof, which I have obtained from the Ministry for Foreign Affairs, forms enclosure No. 2 to this despatch.(1) The Ministry for Foreign Affairs have drawn my attention to the fact that exemption for the articles mentioned in the enclosed list from quota restrictions imposed by the Turkish Government can be claimed by all countries enjoying most-favoured-nation treatment for their commerce with Turkey.

2. The Greek Government attempted to obtain exemption in favour of Greek nationals in Turkey from the Turkish law reserving certain vocations to Turkish

(1) Not printed.

citizens as from the 16th June next. They were unable to secure the insertion of any provision to this effect in the commercial agreement, and the best that they could secure was a verbal promise from the Turkish Prime Minister to the Greek Prime Minister that the application of this law will be postponed for one year. The Greek Government understand that the application of this law will also be postponed for all foreigners resident in Turkey.

3. I have forwarded copies of this despatch to His Majesty's Ambassador at Angora and to the Department of Overseas Trade.

I have, &c.
PATRICK RAMSAY.

E 2555/178/44] No. 41.

Memorandum communicated by Mr. S. C. Wyatt, Representative of the British and Dutch Bondholders on the Ottoman Debt Council.—(Received May 16, 1933.)

OTTOMAN PUBLIC DEBT.

The 1933 *Agreement with Turkey.*

BONDHOLDERS are aware that, under the contract of June 1928, only two half-yearly coupons were paid by the Turkish Government, and that since May 1930, despite the protests of the Debt Council, only about one-third of the annuity has been paid to the council, of which amount the Turkish Government allowed only a very small proportion to be transferred into foreign currencies. This period of default has lasted *for three years*.

2. Early in 1932 bondholders' representatives, after very careful consideration of all the factors of the situation, decided to negotiate with the Turkish Government with the object of arriving at a fresh agreement for the resumption of a regular service of the debt, and necessarily with a reduced and a fixed annuity. They realised that the only alternative was continued default and no coupons for bondholders, and it was felt that nothing could be gained, and that something more would be lost, by a refusal or a postponement.

3. After very difficult negotiations in Paris which have lasted over a year, the progress of which was duly reported to the Turkish Committee in London, a fresh agreement has at last been reached and signed on the 22nd April, 1933, Mr. Wyatt having been previously authorised to sign on behalf of the Council of Foreign Bondholders and the Committee of the Amsterdam Stock Exchange.

4. The main features of the 1933 agreement are—

(*a*) The issue of new Turkish 7½ per cent. bonds, each of 500 French francs, for a total of 940,193,000 French francs, in exchange for the Turkish proportion (about 70 per cent.) of the existing Ottoman bonds. A scrip will be issued for the debt of the successor States which have not yet settled, *e.g.*, Greece, &c. (The Treaty of Lausanne gave Turkey the right to issue its own bonds for the Turkish share of the Ottoman Public Debt.)

(*b*) A fixed annuity of £T. 700,000 gold equivalent to 78,551,900 fr., or (at 87) about £900,000 sterling. During the first six years the annuity is to be paid partly, and in an increasing proportion, by the Turkish Government, and partly by the Debt Council from funds in their hands, the bulk of which funds could not be distributed without the consent of the Turkish Government.

(*c*) The new coupons will be paid half-yearly in French francs *or in another currency* to be chosen by the Debt Council. The first new coupon is to be paid in November 1933.

(*d*) No repayment or conversion of the new bonds can be effected for ten years.

(*e*) The Turkish customs receipts are pledged as before and must be paid direct into the council's account and transferred monthly to Paris in francs by the Turkish Government.

(*f*) The new agreement will be the sole legal instrument binding the Turkish Government and those bondholders who ratify it.

(*g*) Non-assenting bondholders retain their former rights.

(*h*) In case of a general moratorium being declared by the Turkish Government, new bondholders are not to be less well treated than the most favoured of any other, present or future, external creditors of the Turkish Government, except bank credits. (Hitherto this has not been the case.)

(*i*) Within one month after ratification by the Turkish Parliament during May 1933 the Debt Council will make a payment of 6 fr. or 7 fr. in June 1933 on a coupon of the old bonds. This payment is made possible by the Government's undertaking to transfer into foreign currency an amount of about £T. 6 million paper, accumulated funds in the council's account, which, in the absence of an agreement with the Turkish Government, could not be transferred by the Debt Council. The encashment of this coupon will carry adhesion to the new agreement and, if more than 50 per cent. of bondholders adhere, the agreement will come into force. Otherwise, bondholders generally will revert to their rights under the 1928 contract, of which contract, however, there is no practical possibility of execution. Payment of the annuity will commence as from the 1st June, 1933.

(*j*) The new bonds will be exchanged against the twenty-three existing Ottoman bonds in certain proportions, varying from 92 fr. to 213 fr., as laid down by M. Germain Martin, a former French Finance Minister, who acted as independent arbitrator in the matter. Each unitary Unified Debt Bond, for example, will be exchanged against a new Turkish bond of a nominal capital value of 165 fr., *plus* scrip for the debt of certain other States.

Observations.

The 1933 agreement with the Turkish Government involves a further reduction in capital and in interest.

Capital Reductions.

(*a*) Important capital reductions of the old Ottoman Debt took place both in 1881 and in 1903, and the amount of the Turkish share of that debt at the time of the Treaty of Lausanne (1923), and as fixed in consequence of that treaty, was 106 million "Turkish pounds."

(*b*) Owing mainly to the deterioration of Turkish credit since 1914 from a 4 per cent. to an 8 per cent. basis, and partly to the prolongation of the arrears payments under the Treaty of Lausanne, the discounted capital equivalent of the above figure was about £T. 53 million.

(*c*) Under the 1928 Turkish contract the estimated capital value of the annuities payable was about £T. 23 million, and when sterling left the gold standard, and inasmuch as the bulk of the coupons were then payable in sterling, such value fell automatically to about £T. 17 million gold.

(*d*) During the recent three years' period of Turkish default the *market* value fell to about £T. 4 million gold.

(*e*) Under the 1933 agreement the *nominal* capital is fixed at £T. 8,378,000 gold, or 940,193,000 present French francs.

It will be seen from the above that the nominal capital value of the Turkish share of the immediately pre-war Ottoman Public Debt has fallen by stages from 106,269,126 "Turkish pounds" to £T. 8,378,000 gold, a reduction since 1914 of over 90 per cent., of which, however, only a small proportion is directly due to the new agreement, the great bulk of the loss having materialised previously.

Interest Reductions.

(*a*) Full service of the Turkish share of the Ottoman Debt of 106,269,126 "Turkish pounds" would have required an annuity of 4,206,000 "Turkish pounds."

(*b*) Under the 1928 contract the reduced service required an annuity of £T. 1,534,000 gold, which fell automatically to £T. 1,212,000 gold when sterling depreciated.

(*c*) During the past three years of default Turkey only paid one-third of the stipulated annuity, and did not transfer even that into foreign currency. This third amounted to the paper equivalent of £T. 404,000 gold.

(*d*) Under the 1933 agreement Turkey is to pay a fixed annuity of £T. 700,000 gold, of which 645,000 is for interest, 15,000 for redemption, and the balance for bank commissions and for expenses.

Consequently, the new agreement involves a reduction in interest of 47 per cent., as compared with the 1928 contract, but obviously it is preferable to the *de facto* situation of the past three years.

In making a practical comparison of the 1933 agreement with the present situation, the advantages to bondholders are that the agreement should terminate a period of default, and it opens up prospects of a regular, though a diminished, service of the Turkish debt. Moreover, the new agreement has already brought about an increase in the market value of the bonds.

The bulk of the Ottoman Debt, over 60 per cent. in fact, is held in France to-day, and by a great number of small holders. About 17 per cent. is held in Germany, and the rest in Great Britain, Switzerland, Holland, Turkey, Belgium, Italy, &c.

When the recent Turkish default commenced early in 1930 the majority of bondholders, particularly the French, believed that a policy of energetic protest and insistence by the Debt Council, backed by pressure by their Governments and by their financial establishments, would force or persuade the Turkish Government to renew the execution of the 1928 contract.

Gradually bondholders have been disillusioned, and the present feeling is that, under the circumstances, a further revision and scaling down is inevitable and that it is better to accept the best terms obtainable than to insist further upon former contractual rights without the means of enforcing them.

There is little doubt that the 1933 agreement represents the best terms obtainable for bondholders under present circumstances, that any postponement or refusal of negotiations would have been still more detrimental to their interests, that the new annuity is within Turkey's capacity of payment and transfer, and that it is in the interests of the Turkish Government to pay that annuity regularly, and so gradually to restore their credit abroad, which appears to be their present desire and object.

[E 2600/575/44] No. 42.

Consul, Geneva, to Sir John Simon. —(*Received May* 17.)

(No. 239.)
(Telegraphic.) R. *Geneva, May* 17, 1933.

FOLLOWING from Mr. Cadogan:—

"Turkish Minister for Foreign Affairs spoke to me this morning about effect which a disarmament convention would have on the situation resulting from the Straits Convention.

"He maintained that responsibility for maintenance of free passage of straits in conditions laid down in annex 2, article 2, devolved principally on Turkey. Turkey possessed heavy artillery, which could be rapidly moved into the demilitarised zones, if necessary, in accordance with paragraph 1 (1) (*c*) of annex. If Turkey now had to abolish heavy artillery she would be powerless against a hostile neighbour that might close the straits. He characterised guarantee in article 18 as 'academic.'

"In any case he proposes to submit to General Commission, perhaps as early as Friday, a resolution in the following terms:—

"'The General Commission decides to constitute a special committee composed of representatives of States bordering on Mediterranean and Black Sea, together with representatives of the United States and Japan, to proceed with study of the situation of the straits (Dardanelles and Bosphorus) as explained by Turkish delegation.'

"I said I would inform His Majesty's Government of his intention. I was not very competent to discuss the matter. It seemed to me that his Excellency was proposing revision of a treaty, which should be a matter for signatories of that treaty. He pointed out that committee which he proposed would include all signatories as well as others besides. He did not press for any particular solution, but he felt that if Turkey was to reduce her means of defence at this conference he must enter a caveat of this kind. He did not even ask for immediate study of the question, but merely wished to draw attention to difficulty which presented itself to Turkey.

"He said he would also have to raise at some time question of demilitarised zone in Thrace, but he will only do this in connexion with article 96 of draft convention. I gather that his point was that, whereas Turkey had accepted demilitarised zone when Bulgaria was disarmed, situation would now be different if Bulgaria were granted equality. He would be quite prepared to maintain zone if her two neighbours would sign with her a declaration recognising inviolability of the frontiers. Greece had already agreed, and he would discuss the matter with Bulgaria."

[E 2604/534/44] No. 43.

Sir G. Clerk to Sir John Simon.—(*Received May* 18.)

(No. 173.)
Sir, *Angora, May* 10, 1933.

WITH reference to Mr. Morgan's despatch No. 107 of the 30th March last, relative to the trial of the persons arrested at Brusa and elsewhere for opposition to prayers in Turkish, I have the honour to report that, according to the *République* of the 2nd May, a number of further condemnations were pronounced on the previous day by the special tribunal sitting at Corum. One of the accused was condemned to two and a half years' imprisonment with hard labour, and five of them to two years, to be followed by two years' police supervision, while seven persons were sentenced to one year's ordinary imprisonment and six others to six months. There were four acquittals. All the persons found guilty were also condemned to share the expenses of the trial, and after their release are to remain under police supervision for longer or shorter periods.

2. It would appear from the newspaper report that other accused persons are still undergoing trial, but the whole affair has receded still further into the background since the date of the despatch under reference.

I have, &c.
GEORGE R. CLERK.

[E 2608/533/44] No. 44.

Sir G. Clerk to Sir John Simon.—(*Received May* 18.)

(No. 180.)
Sir, *Angora, May* 13, 1933.

I HAVE the honour to report that certain passages in articles contributed to the *Milliyet* concerning the Turkish post-war struggle for independence, and entitled "An Angora Man's Note-Book," called forth a rejoinder, published in the *Milliyet* of the 5th May, from Kâzim Karabekir Pasha, who resented certain criticisms of his attitude during that struggle and sought to justify himself. Kâzim Karabekir Pasha, who was one of the leading generals during the war of independence, later became aware that the Gazi would tolerate no leading figures about him, except those who were properly content to play a secondary rôle, and prudently retired into private life at Constantinople.

2. In justifying himself against the charge that, when commander of the eastern front in Erzerum in 1919, he fell in with the plans of the then Vice President of the Grand National Assembly, Celâlettin Arif, who wished to stir up a movement against the Turkish group (animated by Mustafa Kemal) then at Angora, Kâzim Karabekir Pasha wrote that it was he who had suggested to Mustafa Kemal in his house in Constantinople the idea of regaining national independence by force of arms, and had invited him to proceed to the eastern provinces with that end in view.

3. This suggestion that the honour of being the founder and originator of Turkey's independence falls to Kâzim Karabekir Pasha has, as may well be imagined, been regarded as little less than blasphemous, and has stimulated everyone who believes otherwise, or who knows that it is more expedient to believe otherwise, to rush into print, and show that the suggestion is false and belied

by official history. The Gazi has given it as his opinion that Kâzim Karabekir Pasha is a case for the mental specialists, and with this lead it is easy to imagine that the Gazi's friends and supporters, who are now filling the newspapers with refutations of Kâzim Karabekir's assertions, will not be deterred from abuse or derision. The newspaper campaign still continues. Yesterday's *République*, under the heading "A striking contrast. The Gazi's modesty," publishes a further comment on the matter made by the Gazi to some friends who were indignant at Kâzim Karabekir's claim that he, and not the Gazi, laid the foundations of the resistance which developed into the war of independence. His friends claimed this honour for the Gazi himself. According to the *République*, the Gazi, with a modesty befitting his greatness, declared that his friends were mistaken. There were two Mustafa Kemals. One himself, the individual, who was mortal and would pass. The other was the nation expressed in one person, a symbol of all Turkish patriots. The first Mustafa Kemal was merely the individual in whom all the yearnings and dreams of the second came true. The second Mustafa Kemal was no other than the nation, and was immortal. It was the second which wrought the revolution and laid the foundations of the republic and built it up.

I have, &c.
GEORGE R. CLERK.

[E 2596/2596/44] No. 45.

Lord Tyrrell to Sir John Simon.—(Received May 18.)

(No. 707.)
Sir. *Paris, May 16, 1933.*

WITH reference to my despatch No. 195 of the 19th February, 1930, I have the honour to report that the instruments of ratification of the Treaty of Friendship, Conciliation and Arbitration between France and Turkey which was signed at Paris on the 3rd February, 1930, were formally exchanged on the 13th May.

2. I enclose an extract from the *Journal officiel* of to-day's date containing the text of this treaty, together with the text of an exchange of notes on this subject, dated the 3rd February, 1930, between the late M. Briand, then Minister for Foreign Affairs of the Government of the Republic, and the Turkish Ambassador in Paris.

3. I am sending a copy of this despatch to His Majesty's Ambassador at Constantinople.

I have, &c.
TYRRELL.

Enclosure in No. 45.

Extract from the Journal officiel *of May 16, 1933.*

— —

Promulgation du Traité d'Amitié, de Conciliation et d'Arbitrage signé à Paris, le 3 Février 1930, entre la France et la Turquie et du Protocole portant la même date.

LE Président de la République française,

Sur la proposition du Ministre des Affaires étrangères,

Décrète :

Article 1er. Un traité d'amitié, de conciliation et d'arbitrage et un protocole ayant été signés à Paris, le 3 février 1930, entre la France et la Turquie et les ratifications de ces actes ayant été échangées à Paris le 13 mai 1933, lesdits actes, dont la teneur suit, recevront leur pleine et entière exécution.

[For text of treaty, see "Turkey," Part XIX, pp. 20-23.]

A son Excellence M. Aristide Briand, Ministre des Affaires étrangères.

Ambassade de Turquie,
M. le Ministre, *Paris, le 3 février 1930.*

J'ai l'honneur de vous faire connaître que le Gouvernement de la République turque est d'accord avec le Gouvernement de la République française pour déclarer que, dans le traité d'amitié, de conciliation et d'arbitrage franco-turc, signé ce jour, l'absence de dispositions se rapportant aux mesures provisoires de conservation à ordonner par la Cour permanente de Justice internationale ne s'oppose nullement à l'application par cette même cour de l'article 41 de son statut relatif auxdites mesures.

Veuillez, &c.
L'Ambassadeur de Turquie,
A. FETHI.

A son Excellence Ali Fethi Bey, Ambassadeur de la République turque à Paris

Ministère des Affaires étrangères,
M. l'Ambassadeur, *Paris, le 3 février 1930.*

J'ai l'honneur de vous faire connaître que le Gouvernement de la République française est d'accord avec le Gouvernement de la République turque pour déclarer que, dans le traité d'amitié, de conciliation et d'arbitrage franco-turc, signé ce jour, l'absence de dispositions se rapportant aux mesures provisoires de conservation à ordonner par la Cour permanente de Justice internationale ne s'oppose nullement à l'application par cette même cour de l'article 41 de son statut relatif auxdites mesures.

Veuillez, &c.
A. BRIAND.

Art. 2. Le Ministre des Affaires étrangères est chargé de l'exécution du présent décret.

Fait à Paris, le 15 mai 1933.

ALBERT LEBRUN.

Par le Président de la République :
Le Ministre des Affaires étrangères,
PAUL-BONCOUR.

[E 2600/1575/44] No. 46.

Sir John Simon to Consul General.

(No. 237.)
(Telegraphic.) R. *Foreign Office, May 18, 1933.*

YOUR telegram No. 239: Effect of Disarmament Convention on Straits Convention.

Following for Mr. Cadogan:—

"Whole question is under consideration here, and we will send you instructions as soon as possible. Meanwhile, try to persuade Turkish Minister for Foreign Affairs to postpone his resolution by suggesting that resolution seems inopportune and premature, at all events until conference discusses that part of draft convention which concerns heavy artillery. It raises in any case important and highly controversial issues, on which it would be greatly preferable to avoid public debate at this stage."

E 2627/178 44] No. 47.

Lord Tyrrell to Sir John Simon.—(Received May 19.)

(No. 716.)

HIS Majesty's representative at Paris presents his compliments to the Secretary of State for Foreign Affairs, and has the honour to transmit to him copy of his note to M. Paul-Boncour, dated the 22nd April, 1933, respecting the Turkish share of the Ottoman Public Debt

Paris, May 17, 1933.

Enclosure in No. 47.

Lord Tyrrell to M. Paul Boncour.

Paris, April 22, 1933.

M. le Président,

I HAVE the honour, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, to acknowledge the receipt of your Excellency's note of to-day's date regarding the new contract to be signed this day between the representatives of the Turkish Government and the bondholders of the Ottoman Debt.

2. His Majesty's Government in the United Kingdom are interested in the question of the composition of the Debt Council to be set up under the revised contract between Turkey and the bondholders, only in so far as German representation on that council is concerned. This interest arises from the position of His Majesty's Government in the United Kingdom as a party to the Treaty of Lausanne, and for their part they would have no objection to German representation provided that it is understood that the Debt Council, as at present constituted, remains exclusively competent for the fulfilment of the duties assigned to it by the Treaty of Lausanne, including the conduct of any negotiations with the other succession States which are contemplated by that treaty; nor would His Majesty's Government in the United Kingdom have any objection in principle to the representation of the bondholders being organised, in contracts which may be concluded between the bondholders and the other successor States, on the same bases as in the new contract with Turkey. If, however, it were proposed at any time that the new council containing a German representative should replace the council referred to in article 56 of the Treaty of Lausanne for the purpose of fulfilling any of the duties assigned to the latter council by that treaty which at the time remained unfulfilled, it is the view of His Majesty's Government in the United Kingdom that it would be necessary to secure the formal consent of the parties to the Treaty of Lausanne (including those States who acceded to Part II of the treaty) and possibly of certain other States.

I have, &c.
TYRRELL.

[C 4752/2406/19] No. 48

Mr. Morgan to Sir John Simon.—(Received May 26.)

(No. 187.)

Sir, *Angora, May 20, 1933.*

WITH reference to Sir Patrick Ramsay's despatch No. 175 of the 10th May, 1933, with which he transmitted to you copies of the Turco-Greek Commercial Agreement and of the protocol concerning the importation of Turkish coal into Greece, I have the honour to submit the following observations on these agreements:—

2. Although recent years have witnessed a decline in the value of Turkish exports to Greece as a result of the application by the Greek Government of

drastic exchange restrictions as well as a quota system of imports, the commercial exchanges between the two countries have remained markedly in favour of Turkey, as will be seen from the following table:—

	Turkish Imports from Greece. £T.	Turkish Exports to Greece. £T.
1932	270,306	5,071,035
1931	277,515	10,059,771
1930	467,533	13,341,687
1929	618,746	10,482,561

In 1931 Turkey's principal exports to Greece were:—

	£T.		£T.
Buffaloes	162,335	Fish, fresh	138,189
Bulls	1,152,411	Fish, salt or dried ...	337,035
Cows	183,338	Wheat	655,650
Sheep ...	1,872,454	Tobacco	351,715
Lambs	588,052	Cotton, not ginned	314,437
Butter ..	194,927	Cotton, ginned ...	960,795
Cheese	79,496	Coal	334,306
Eggs . .	776,831		

On the other side, Greek exports to Turkey are unimportant; as shown above, the total for 1931 was only £T.277,515, and in no single article did exports to Turkey exceed £2,000 sterling in value. Greece's agricultural produce is of no interest to Turkey, and the principal potential outlet appears to be certain goods which Greece is manufacturing in increasing quantities. It was for these reasons that Cemal Bey, Director of the Turkish Export Office, which is dependent on the Ministry of National Economy, was sent to Greece some months ago to negotiate a compensating agreement providing for the alleviation, as regards Turkey, of exchange restrictions against some form of compensation. This mission having failed, the Council of Ministers decided to send Celal Bey, Minister of National Economy, to Greece with full powers.

3. It is considered in Turkish circles that Celal Bey has scored a success by this compensating agreement. It is not a treaty of commerce. The quota system will continue to be operative in Greece, but on the other hand, as in the case of the United States, Turkey will allow the free entry of certain Greek produce and manufactures. The agreement will remain in force for a period of six months, and from the date of its entry into force shipments of Turkish produce and manufactures, whilst subject to the Greek quota restrictions, will be paid for as follows:—

(1) Shipments during the first three months—

(*a*) Exchange representing 70 per cent. *ad valorem* will be provided.

(*b*) Twenty-five per cent. of the value of the Turkish produce will be issued in the form of bonds by the National Bank of Greece, and will be earmarked for the purchase of Greek produce by Turkish merchants. (According to a statement made by the Acting Director of the Treaty and Commercial Relations Department at the Greek Ministry for Foreign Affairs, the Greek Government hope that, in return for the maintenance of the existing facilities for the importation of Turkish goods into Greece, Turkey will purchase Greek brandy, glassware and chemical manures.)

(*c*) Five per cent. *ad valorem* in bonds issued by the National Bank of Greece representing the freight for Turkish produce exported to Greece or elsewhere in Hellenic vessels.

(2) Shipments during the second three months—

(*a*) Exchange representing 65 per cent. *ad valorem* will be provided.
(*b*) Thirty per cent. in bonds as above for the purchase of Greek produce
(*c*) Five per cent. representing freight as above

The proportion of exchange to be provided for the payment of Turkish coal will be 80 per cent., and not 70 per cent., during the first three months.

4. It will be seen that by this arrangement Turkey obtains a good percentage of exchange for her exports to Greece and payment in kind for the balance, whilst Greece obtains the entry free of quota restrictions of certain of her exports to Turkey, and the volume of her trade is increased by the reservation of a percentage of the value of Turkish exports due to Turkish merchants for the purchase of Greek produce. As in the case of the arrangement made for the entry of goods of United States origin into Turkey, the extension to Greece of facilities for exporting certain classes of Greek produce free of quota restrictions is a breach of most-favoured-nation treatment.

5. I am sending a copy of this despatch to His Majesty's Minister at Athens, and to the Department of Overseas Trade.

I have, &c.
JAMES MORGAN.

E 3042/130/44] No. 49.

Mr. Strang to Sir John Simon.—(Received June 9.)

(No. 311.)

Sir, *Moscow, June 5, 1933.*

WITH reference to my despatch No. 243 of the 6th May, I have the honour to report that, according to the local press, the Soviet plans for the Turkish textile combine to be constructed at Kayseri were handed over to the Turkish industrial delegation at an official function held in the Commissariat for Heavy Industry on the 1st June, when the usual complimentary remarks were exchanged between the representatives of the two countries. The head of the Turkish delegation expressed the view that in no other country would it have been possible to obtain in such a short time plans worked out in such elaborate detail.

2. The combine, as outlined in the press, is to consist of a spinning mill with 33,000 spindles, a weaving factory with 1,000 automatic looms, and a finishing plant of corresponding dimensions. To serve the combine, an electrical station will be built, in which local fuel resources will be utilised to the utmost. The entire machinery, which is to be on the most up-to-date lines, will be of Soviet manufacture, and, using Turkish-grown cotton, the output of the plant is set at 30 million metres a year. Several Turkish workers and engineers are to be trained by "Turkstroi," and will be given the leading posts in the undertaking.

3. Later on, it is stated, the works at Kayseri will be extended and plans for a second combine will be drawn up. Zolotarev, the director of "Turkstroi," states that industrial co-operation in other Turkish industries may also be anticipated.

4. I am sending copies of this despatch to the Department of Overseas Trade and to Export Credits Guarantee Department.

I have, &c.
WILLIAM STRANG.

E 3175/1575/44] No. 50.

Sir G. Clerk to Sir John Simon.—(Received June 15.)

(No. 201.)

Sir, *Angora, June 1, 1933.*

THE Minister for Foreign Affairs, whom I saw to-day on his return from Geneva, informed me at length of his conversations with Mr. Eden and yourself about the demilitarised zones of the Dardanelles. His Excellency seemed very gratified by the reception you had given to his statement of the case, and appeared fully to understand that you had in no way committed His Majesty's Government to acquiescence in the Turkish plea and to be quite content for the present with the prospect of further discussion in London.

2. From Tevfik Rüstu's account of his conversations in Geneva I gathered that he sought to give the impression that Turkey was not trying to escape from the Straits Convention, but merely pointing out that the conclusion of a Disarmament Convention on the lines of the British plan would make it difficult for Turkey to keep the obligations into which she had entered. In my humble opinion, this attitude of the Turkish Minister is slightly disingenuous. At the

time of the Lausanne Treaty Turkey's position was that her acceptance of the demilitarised clauses of the Straits Convention was due to her wish to prove to other nations her sincere desire for peace. In reality, she accepted because she could not help herself. As Turkey's position as an independent Power has consolidated, the feeling of resentment against the Straits Convention has grown until now the red-shaded areas on the map attached to the Treaty of Lausanne are looked upon as a standing challenge to Turkey's fierce assertion of the independence of Turkish soil, a feeling which has no doubt been steadily worked up by the Turkish General Staff.

3. Advantage has therefore been adroitly taken of the discussions on the British Disarmament Plan to put forward a case for changing the nature of the convention, and however weak or specious that case may be held to be, now that it has been publicly raised, it will have to be publicly answered.

4. The military case for refusal has been forcibly stated in the Admiralty letter of the 9th May last, enclosed in your despatch No. 191 of the 18th May, but I venture to call attention to paragraph 8 (3) of that letter. It can hardly be doubted that, at the first indication of danger to the country, Turkey would pay little or no heed to the terms of the convention—indeed, Tevfik Rüstü's reference to article 18 in his conversation with Mr. Cadogan, reported in Geneva telegram No. 239 of the 17th May last, implies as much—but would rush troops and guns into the zone, and, limited though our knowledge is of the forces immediately available, indications point to their being strong enough to make the passage of the Dardanelles at least a hazardous, if not an impossible, operation. Tevfik Rüstü Bey's admission about heavy artillery, recorded in the same conversation, is strong confirmation of this supposition, while the numbers of gendarmerie who undergo training in the Gallipoli area are curiously large.

5. If this is the case, refusal to agree to remilitarisation would amount to little more than making Turkey's task rather more difficult, and the question becomes one of political expediency, whether it is worth while to incur Turkish resentment, the bulk of which will fall on His Majesty's Government, by an attitude which may hamper but will not prevent the action which Turkey means to take. Or, put as in the Admiralty letter referred to above, can "a friendly Turkey be ensured better by allowing her to refortify the Straits or by (trying to keep) them demilitarised?"

6. It is true that Tevfik Rüstü implies that all he wants is for Turkey to be able to carry out her obligations under the Straits Convention in the altered conditions which will be brought about by a Disarmament Conference, but what that means is that he hopes that a special committee such as he suggests will result in giving Turkey the mandate to keep the Straits open, in other words, the right to have troops and guns in the demilitarised zone.

7. In conclusion, I venture to draw your serious attention to a subsidiary point which needs to be definitely settled before any alteration of the Straits Convention is agreed to. Hitherto the Turkish Government has on the whole respected its obligations under the Lausanne Treaty as regards the cemeteries at Gallipoli. From time to time attempts have been made to restrict the rights derived from that treaty and to place difficulties in the way of visitors, but, broadly speaking and largely thanks to the tact and ability of Mr. Millington, the local representative of the Imperial War Graves Commission, things have gone smoothly; but once demilitarisation has been done away with, the Turkish General Staff will be in full cry, and I foresee every difficulty being put in the way of the proper maintenance of the cemeteries and of access thereto by foreign visitors. It is therefore essential that, in any alteration of the terms and conditions of the Straits Convention, the question of the cemeteries should be most carefully safeguarded.

I have, &c.
GEORGE R. CLERK.

P.S. *June 5.*—A leading article in the Government mouthpiece, the *Milliyet*, of to-day, lets the cat out of the bag. It says: "The demilitarisation of the Straits restricts Turkey's sovereignty in her own country. That is why its abolition is being sought."

G. R. C.

E 3176 83 44

No. 51

Sir G. Clerk to Sir John Simon.—(Received June 15.)

(No. 203.)

Sir, *Angora, June 2, 1933.*

WITH reference to Mr. Morgan's despatch No. 196 of the 27th May, 1933, in which he requested your further instructions as to the nature of the representations to be made to the Turkish Government in regard to the import restrictions in force in Turkey, I have the honour to report that, in accordance with the provisions of Decree No. 14431 of the 23rd May last, which has just been issued and which forms the subject of the commercial secretary's despatch No. O.T. (B) 175/33 of the 30th May to the Department of Overseas Trade, the Ministry of National Economy is authorised to add a large number of tariff items to List M containing quota allocations by country of origin. This decree, which fixes the quotas accordingly to country of origin for the months of July, August and September next, is flagrantly discriminatory.

2. In previous Lists M few, if any, quotas were allocated to the United States of America in so far as the principal categories of cotton piece goods were concerned as was natural in view of the insignificant share of the trade in these commodities which the United States of America enjoyed in Turkey. In the new List M, however, not only have quotas been allocated to the United States of America in respect of the above-mentioned categories but they are greater than those allocated to the United Kingdom. In these circumstances the position of the United States continues to be more favourable with every new decree and the position is now that certain United States products are introduced free of all quota restrictions and that in addition the allocation of quotas in List M shows obvious discrimination in favour of the United States of America.

3. It would therefore appear desirable that the representations which you instructed me to make to the Turkish Government in your despatch No. 163 of the 3rd May, 1933, should refer to this further instance of discrimination in favour of the United States, and I should be grateful for your further instructions on this point.

4. I am sending a copy of this despatch to His Majesty's Ambassador in Washington and to the Department of Overseas Trade.

I have, &c.

GEORGE R. CLERK

E 3178 178 44

No. 52

Sir G. Clerk to Sir John Simon.—(Received June 15.)

(No. 211.)

Sir, *Angora, June 7, 1933.*

WITH reference to your despatch No. 147 of the 18th May last, relative to the proposed renewal of the Ottoman Bank concession, I have the honour to report that an agreement prolonging the concession until the 1st March, 1952, was signed at Angora on the 5th instant by Saraçoglu Sükrü Bey, now Minister of Justice and M. Bekir, director general of the head office of the bank in Paris.

2. I enclose herein French translations of (1) the Bill which will be in the near future submitted to the Grand National Assembly for the ratification of the agreement, and (2) the "exposé des motifs" annexed to the Bill. I am indebted for these documents to Mr. Read, acting director general of the Constantinople branch of the bank.

3. It will be observed from the "exposé des motifs" that by the terms of the new agreement the Ottoman Bank engages itself (1) to place at the disposal of the Turkish Treasury an unsecured statutory credit in foreign currency to the amount of £1,250,000, and (2) to open in favour of the Treasury a temporary credit in foreign currency to the same amount. In addition, the bank undertakes to allot a capital sum of £1 million sterling to its operations in Turkey.

4. I am sending copies of this despatch to His Majesty's Ambassador in Paris and to the Department of Overseas Trade.

I have, &c.

GEORGE R. CLERK

Enclosure 1 in No. 52

(Traduction.)

Projet de Loi concernant la Prolongation de la Concession de la Banque ottomane.

Article 1er.—Sont ratifiées la convention, en date du 5 juin 1933, concernant la prolongation de la concession de la Banque ottomane jusqu'au 1er mars 1952, et la convention annexe, de même date, relative à l'ouverture au Trésor par ladite banque d'un autre crédit temporaire en devises.

Art. 2.—La présente loi entre en vigueur à partir de sa promulgation.

Art. 3.—Le Ministre des Finances est chargé de l'exécution des dispositions de la présente loi.

Enclosure 2 in No. 52

(Traduction.)

Exposé des Motifs.

LA concession de la Banque ottomane doit expirer le 1er mars 1935 aux termes de la convention, en date du 10 mars 1340/1924, et de l'appendice, en date du 22 mars 1925, à cette convention, qui sont actuellement en vigueur.

Ladite banque, mue par le désir de continuer, à l'avenir aussi, son activité en Turquie, s'est adressée au Gouvernement à cet effet et il a été jugé opportun de conclure avec elle un contrat conforme aux conditions nouvelles du pays.

Son Excellence Saradjoglou Chukri Bey, Député d'Izmir et Ministre de la Justice, a été nommé délégué pour entreprendre, au nom du Gouvernement, des négociations dans ce but.

Le point de vue du Gouvernement, en ce qui concerne la demande de renouvellement de la concession, était d'assurer au Trésor un bon crédit en devises, sans, toutefois, laisser subsister, dans la convention de concession, des dispositions incompatibles avec l'existence de la Banque centrale de la République.

En effet, on a, à l'occasion de cette nouvelle convention, aboli toutes les dispositions de l'acte de concession de la banque et des contrats intervenus, jusqu'à ce jour, entre cette dernière et l'Etat. On a supprimé, en particulier, le privilège d'émettre des bank-notes. Toutes les anciennes dispositions ont été remplacées par celles de la nouvelle convention.

On a aussi porté les modifications nécessaires au régime spécial prévu par les statuts qui règlent le fonctionnement de la banque et prolongé sa concession jusqu'au 1er mars 1952.

L'unique privilège que la nouvelle convention accorde à la banque ne consiste, en principe, qu'en une exemption des impôts et taxes revenant à l'Etat. Mais cette exemption a perdu son caractère absolu, vu que la banque a accepté de régler le "kazanç vergisi" (impôt sur le revenu) pour ses bénéfices réalisés en Turquie et de payer toutes les taxes postales; qu'elle a reconnu, d'autre part, que l'exemption d'impôt ne s'étendrait pas aux immeubles qui passeraient en sa propriété par le jeu des hypothèques et que, dans le cas où elle se livrerait, sous sa propre raison sociale et en dehors des opérations bancaires, à une activité d'ordre industriel ou commercial, les opérations rentrant dans ce nouveau champ d'activité ne profiteront pas de l'exemption d'impôt. La banque continuera aussi à payer, comme par le passé, les impôts et taxes perçus par les administrations locales.

Aux termes de la convention, en date du 5 juin 1933, qui a été établie à la suite des négociations et que nous vous remettons ci-jointe, la banque s'engage à mettre à la disposition du Trésor un crédit, à découvert statutaire en devises de £1,250,000, et, suivant la convention annexe, de même date, qui est également ci jointe, elle s'engage à ouvrir, toujours en faveur du Trésor, un crédit temporaire en devises de £1,250,000.

Outre ces crédits, la banque s'engage à affecter un capital de £1,000,000 à ses opérations en Turquie.

Nous soumettons à la ratification de Grande Assemblée la convention et la convention annexe susmentionnées.

E 3180/178/44 No. 53.

Sir G. Clerk to Sir John Simon.—(Received June 15.)

(No. 215.)

Sir, *Angora, June 9, 1933.*

WITH reference to Mr. Morgan's despatch No. 111 of the 31st March, 1933, I have the honour to report that the Turkish budget for the financial year 1933-34 was voted by the Grant National Assembly on the 23rd May last.

2. According to the figures published in the *Official Gazette*, revenue amounts to £T. 170,477,000, as against a vote of £T. 170,474,794 under the heading of expenditure. The budget for the forthcoming year is thus balanced and shows a small surplus.

3. If compared to the approved estimates of revenue and expenditure for the current year, amounting to £T. 169,354,800 and £T. 169,146,747 respectively, it will be observed that estimates as voted for 1933-34 show very little change, but in reality the provisions for the coming year represent an increase of £T. 6,272,200, or 3·9 per cent., in revenue and of £T. 6,173,867, or 3·7 per cent., in expenditure, since the estimates for the Directorate-General of Posts, Telegraphs and Telephones do not figure in the budget as in former years. As in the case of the State Railways, this administration is now dependent on the Ministry of Public Works and is therefore provided for by a special budget annex.

4. As already reported, no new taxes have been created, but since the budget estimates were voted a law providing for certain increases in the Customs Tariff has been promulgated, and, when it is applied in three months' time to those countries having commercial agreements with Turkey, it is possible that the revenue derived under the heading of customs may exceed the estimates.

5. An analysis of the 1933-34 budget, prepared by the Ottoman Bank, will be sent in a subsequent despatch.

6. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
GEORGE R. CLERK.

E 2960/1575/44 No. 54.

Foreign Office to Admiralty.

(Secret.)

Sir, *Foreign Office, June 26, 1933.*

I AM directed by Secretary Sir John Simon to invite a reference to your secret letter of the 9th May, containing the observations of the Lords Commissioners of the Admiralty on the proposal of the Turkish Government to ask for the abrogation of those provisions of the Lausanne Peace Settlement which relate to demilitarised zones, more particularly in the area of the Straits.

2. The Secretary of State has given careful consideration to this question and his conclusions may be summarised as follows:—

(*a*) Article 96 of the British draft Disarmament Convention, which provided the original basis for the Turkish claim, has no bearing on the Lausanne Peace Settlement, which contained no clause limiting Turkey's military forces.

(*b*) Contrary to what appears to be the Turkish contention, Turkey is under no international obligation to take action to ensure that the Straits are kept open. Her obligation is merely not herself to close the Straits except to enemy vessels.

(*c*) It was precisely in order that the demilitarisation of the Straits should not constitute an unjustifiable danger to the military security of Turkey that the Powers signatory to the Straits Convention gave to Turkey the guarantee contained in article 18 of that convention. The Turkish argument that this guarantee is inadequate or "academic" cannot be accepted. In any case, since it was given, the position has been improved by Turkey's entry into the League of Nations and by her accession to the Pact of Paris and will be further improved by the security provisions contained in articles 1 to 3 (as redrafted) of the draft Disarmament Convention.

(*d*) Acceptance of the Turkish proposal would encourage other demands for treaty revision, and the result would be further to weaken the post-war treaty structure. In particular, the Lausanne settlement provided for the liquidation of all outstanding questions with Turkey and a modification of one of its most important features, such as the Straits Convention, could hardly fail to have unfortunate reactions as regards other provisions of the settlement.

(*e*) The Secretary of State shares their Lordships' view that any popularity which His Majesty's Government might gain in Turkey by consenting to the abolition of the demilitarised zones would probably be fleeting and of little value. Such consent might, in fact, be interpreted as a sign of weakness and the price of temporary popularity might be the loss of more permanent respect.

(*f*) There are indications that Russia may be to some extent behind the Turkish proposal. The abolition of the demilitarised zones might, therefore, be likely to lead to closer Soviet-Turkish relations.

(*g*) It is not certain that the Turkish Government feel strongly about the Straits demilitarised zones. There had until recently been no indication of Turkish dissatisfaction with the existing state of affairs and the Turkish Under-Secretary for Foreign Affairs has himself referred to the Turkish proposal as an "improvisation."

3. It had been intended to lay these considerations before the competent Departments of His Majesty's Government and to propose that, subject to their concurrence, an endeavour should be made to persuade the Turkish Government to abandon their proposal. Sir John Simon would have proposed to convey at the same time a warning to the Turkish Government that, should they nevertheless persist in raising the question of the Straits, His Majesty's Government would be obliged to insist on the maintenance of the demilitarised zones and to adhere to the position which they defended at Lausanne.

4. Unfortunately, consultation with the Departments concerned was not possible before the Turkish Minister for Foreign Affairs, as their Lordships are aware from telegraphic correspondence exchanged with the United Kingdom delegation at Geneva (copies of which were circulated on the 18th, 19th and 20th May to the interested Departments), decided to raise the question in the Disarmament Conference. The Secretary of State, however, took the opportunity of a conversation which he had with Tevfik Rüstü Bey on the 23rd May to speak to him on the lines of paragraph 2 (*b*) and of the first two sentences of paragraph 2 (*c*) of this letter, and emphasised that what the Turkish Government were demanding amounted to treaty revision. It was clear from this conversation that the Turkish Government had to some extent changed their ground, and that they had come to base their request for a modification of the Straits régime less on article 96 of the draft Disarmament Convention than on the provisions of that draft convention which would abolish heavy mobile land guns. The Turkish Minister for Foreign Affairs made it clear that he did not regard the matter as one of urgency and that he did not insist on any particular solution. He wished, however, to draw attention to it, as it would require study, and he intimated that the Turkish Government would be unable to agree to any reduction of material until they had obtained some satisfaction as regards the Straits. The Secretary of State promised, in reply, to consider what Tevfik Rüstü Bey had said, and, on the understanding that the Turkish request would not be pressed at that stage, agreed to the Turkish Minister for Foreign Affairs submitting to the Disarmament Conference his resolution proposing that a special committee should be set up to consider the question of the Straits.

5. The texts of this resolution and of the speech made by Tevfik Rüstü Bey in submitting it to the Disarmament Conference are contained in the Provisional Minutes of the sixty-second meeting of that conference. Copies of these minutes, which show that discussion of the Turkish draft resolution has been deferred to the second reading of the draft convention, have been sent to you and to the other interested Departments.

6. But, although discussion of the Turkish resolution has been postponed, it appears unlikely that the Turkish Government will be ready to abandon it. Sir John Simon considers, therefore, that His Majesty's Government should lose no time in determining the attitude which they are to adopt if and when the Turks revert to the matter. He still considers that the attitude of His Majesty's

Government should be one of firm resistance to any proposal having for its object the modification of the Straits Convention, and would propose that, when the occasion arises, the arguments put forward in paragraph 2 (*a*), (*b*), (*c*) and (*d*) of this letter should be utilised and developed.

7. But, as has already been noted, the Turkish Government have changed their ground to a marked extent, and, so far as can be judged from the Turkish delegate's speech to the Disarmament Conference on the 23rd May, now base their case for a modification of the present régime in the Straits on the proposal for the abolition of heavy mobile land guns. Sir John Simon is disposed to the view that, so long as the calibre of naval guns remains unlimited, this argument is at first sight not unreasonable, and that, unless it is adequately answered, it may command a certain measure of public sympathy for the Turkish claim. The argument is admittedly not easy to turn. Nevertheless, it does not appear to Sir John Simon to be sufficiently strong in existing circumstances to warrant a radical modification of the Straits Convention, and possibly, therefore, of the whole principle of the freedom of the Straits. He would suggest, for the consideration of their Lordships and of the other interested Departments, that it might be met by a reminder that, since Turkey is under no obligation to keep the Straits open, the possession by her for this purpose of heavy guns in the delimitarised areas is unnecessary, and that, as regards the effect of the lack of such guns on the security of Turkey herself, it was recognised in the Straits Convention that the demilitarised zones constituted a danger to Turkey's military security, and that it was precisely for this reason that the guarantee contained in article 18 of the convention was given. It could be added that the destruction, in accordance with the Disarmament Convention, of heavy mobile land guns, while admittedly decreasing Turkey's power to defend the zones in case of need, would not materially affect the situation, since the guarantee contained in article 18 of the Straits Convention would still remain, while, as has been suggested in paragraph 2 (*c*) above, Turkey's position as regards security has been strengthened by developments since the Straits Convention was signed.

8. The Secretary of State considers that the adoption of the course of action suggested in the preceding paragraph would provide an adequate reply in the first instance to the Turkish request, and that it would probably suffice to ascertain the degree of importance which the Turkish Government attach to their proposal. Unless, however, that proposal has been put forward merely as a feeler, it is possible that developments may necessitate an investigation by the Committee of Imperial Defence of the whole question of the régime of the Straits, with a view to deciding whether any, and if so, what, measure of satisfaction can be given to the Turkish Government. In the opinion of the Secretary of State such an investigation can, however, only be usefully undertaken when the exact nature of the Turkish desiderata and of the principles involved has been more clearly defined.

9. I am to enquire whether their Lordships concur in the course of action outlined above.

10. Copies of this letter are being sent to the India Office, Dominions Office, Air Ministry and War Office, for their observations, and a copy is also being sent to the Committee of Imperial Defence.

I am, &c.
G. W. RENDEL.

E 3496/83/44 No. 55.

Board of Trade to Foreign Office.—(*Received June* 29.)

Board of Trade, June 28, 1933.

Sir,

I AM directed by the Board of Trade to refer to your letters of the 6th and 16th June, enclosing copies of despatches Nos. 196 and 203 from His Majesty's Embassy at Angora relating respectively to the exemptions from quota restrictions accorded in Turkey to imports from Spain and the United States, and to the discriminatory quota allocations which have been made by the Turkish Government for the quarter July to September 1933.

In reply, I am to state, as regards the United States quota allocations, that the Board agree with Sir George Clerk that a protest should be made against this further instance of discrimination by the Turkish Government in favour

of the United States. In their view it should be claimed that the allocations to the United Kingdom for each quarter should in every case bear at least the same ratio to the total permitted imports from all countries as the ratio of United Kingdom imports to total imports during some reasonable basic period before the Turkish quota restrictions were imposed; and that the amounts of the allocations to other countries, including the United States, should not be such as to make impossible the application of the foregoing principle in the granting of allocations to the United Kingdom. From the particulars of the quota allocations for List M goods for the quarter July–September 1933, contained in the tabular statement enclosed with Colonel Wood's despatch No. O.T. (B) 175/33, dated the 30th May last, it appears that the United Kingdom share of the total allocation falls short of the United Kingdom share of the total imports in the corresponding quarters of 1930 and 1931 in the case of the two most important items of United Kingdom trade on the list, viz., items 378 (*c*) and 381 (*c*), and also in the case of 381 (*b*). A tabular statement indicating the position is enclosed herewith. It is unfortunately not possible to compare the present allocations with the imports for 1929, as the classification of imports of cotton goods in the 1929 trade returns does not correspond with the present classification.

As regards Mr. Morgan's despatch on the subject of the Turco-Spanish Agreement, I am to state that, in view of the considerations set out in paragraph 3 of the despatch, the Board do not wish for the present to press their previous suggestion that in the matter of exemption from the Turkish quota requirements the Turkish Government should be asked to place imports from the United Kingdom on a footing of equality with similar imports from Spain. The Board, therefore, agree with Mr. Morgan that the representations to be made in this connexion to the Turkish Government should be on the lines proposed in paragraph 5 of his despatch; but they desire me to qualify this statement in the following two respects:—

In the first place, the Board consider that the provisions of article 16 of the Anglo-Turkish Commercial Treaty of 1930 confer on His Majesty's Government an indisputable legal right to demand for imports into Turkey from this country equal treatment in respect of exemption from quota restrictions with imports from any other country, and that this right does not depend on such extraneous considerations as the Anglo-Turkish balance of trade. In these circumstances nothing should be said to the Turkish Government which might give the impression that His Majesty's Government renounce their right to protest against the Turco-Spanish Agreement at some later date; and the Board would be glad if His Majesty's Ambassador would be so good as to furnish a report on the extent, if any, to which Spanish traders are likely to derive practical benefit from the agreement at the expense of traders in the United Kingdom.

In the second place, the Board observe from paragraph 4 of Angora despatch No. 187 (a copy of which was enclosed with your letter dated the 13th June) that the privilege of quota-free admission into Turkey which the Turkish Government have agreed to accord to certain Greek products is apparently not to be extended to imports of similar products from other countries entitled to most-favoured-nation treatment in Turkey. It appears to the Board that the considerations applying to the arrangements with the United States which are set out in paragraph 4 of Mr. Morgan's despatch No. 196 apply with equal force to the agreement with Greece, and in these circumstances I am to suggest for Sir John Simon's consideration that His Majesty's Ambassador should be authorised, provided that he sees no objection, to claim equality of treatment for United Kingdom imports into Turkey with similar imports not only from the United States but also from Greece. If, however, for any reason, Sir George Clerk would prefer not to raise the question of the Græco-Turkish Agreement at the present stage, the Board would suggest that he should not defer his representations pending further consideration of this new agreement, but should proceed forthwith to address a protest to the Turkish Government on the subject of the preferential treatment accorded to the United States.

Copies of this letter have been sent to the Treasury, the Colonial Office, the Dominions Office and the India Office.

I am, &c.
T. QUINTIN HILL.

Enclosure in No. 55.

TURKEY.

Comparison of Allocation of List M Goods for the Quarter July-September 1933 with Imports of similar Goods in the corresponding Quarters of 1930 and 1931.

Tariff Number.	Article.	July-September 1930 Imports.			July-September 1931 Imports.			July-September 1933 Allocations.		
		From all Countries.	From United Kingdom.	United Kingdom Percentage.	From all Countries.	From United Kingdom.	United Kingdom Percentage.	To all Countries.	To United Kingdom.	United Kingdom Percentage.
		Kilogs.	Kilogs.		Kilogs.	Kilogs.		Kilogs.	Kilogs.	
578	Bleached batiste made-up articles, laces, pipes	251,970	129,716	51·5	204,717	84,794	41·42	55,259	18,470	33·5
581 and 582	Woven or knitted tissues of cotton, bleached, dyed, printed, embroidered, threaded, not elsewhere mentioned in the tariff (including those mixed or combined with metallic threads):—									
	(a) Weighing over 50 gm. per square metre (inclusive) ...	63,123	24,654	39	87,221	25,760	32·95	51,800	11,500	22·2
	(c) Weighing over 100 up to 150 gms. per square metre (inclusive) ...	778,855	195,532	25	736,968	153,653	20·33	349,060	61,460	17·7

[E 3503/178/44] No. 56.

Sir G. Clerk to Sir John Simon.—(Received June 30.)

(No. 221.)

Angora, June 12, 1933.

Sir,

WITH reference to my despatch No. 211 of the 7th instant, I have the honour to report that the Bill for the ratification of the agreement prolonging the Ottoman Bank's concession was passed by the Grand National Assembly on the 10th instant.

2. After Saracoğlu Sükrü Bey, in a long speech, had explained the agreement article by article, the Prime Minister, as reported by the semi-official *Hakimiyeti Milliye*, made the following statement:—

> "The agreement which has been discussed is the fruit of lengthy negotiations. We have been led to sign it by a sincere desire for cordial co-operation. We desire the bank's prosperity and development, and will protect it, on the understanding that it will do its work in the country loyally and with goodwill. An Ottoman Bank so working can be of great service to the country. I am in a position to declare in your presence that we are well satisfied with our recent contacts and acquaintances."

Ismet Pasha's declaration was loudly cheered by the Deputies.

3. I am sending a copy of this despatch to His Majesty's Ambassador in Paris and to the Department of Overseas Trade.

I have, &c.
GEORGE R. CLERK.

[E 3507/3507/44] No. 57.

Sir G. Clerk to Sir John Simon.—(Received June 30.)

(No. 230.)

Angora, June 17, 1933.

Sir,

WITH reference to Mr. Morgan's despatch No. 102 of the 17th March, 1932, regarding the seizure by the Turkish authorities of the Smyrna Quay Company on the grounds of fraudulent and corrupt conduct of its affairs, I have the honour to report that the Grand National Assembly, on the 12th instant, passed a law for the purchase of the concession, property and equipment of the company.

2. An agreement providing for the purchase of the company's rights and possessions was initialled by the company's representatives and the Ministry of Public Works on the 3rd October, 1932. On the signature of the agreement the property and rights of the company will pass to the Smyrna Port and Bay Administration or to some other special administration to be instituted by the Government. The tramway service hitherto maintained by the Quay Company will be run by the Smyrna Municipality or by another company.

3. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.
GEORGE R. CLERK.

[E 3513/3442/44] No. 58.

Sir G. Clerk to Sir John Simon.—(Received June 30.)

(No. 239.)

Angora, June 21, 1933.

Sir,

I HAVE the honour to report that English classes for teachers are to be held at Constantinople during the coming summer. According to announcements which have appeared in the press, all teachers of English in the schools of that city will be obliged to attend and to sit for an examination at the end of the course; those who fail to qualify will no longer be allowed to teach the language.

2. The press adds that the classes will be presided over by an English specialist. I understand that the choice of the Ministry of Education has fallen on Miss Derbyshire, who teaches English, pedagogy and philosophy at the Gazi Institute ("Normal" school and lycée) at Angora, and gives instruction in English literature to the Gazi's adopted daughters at the presidential palace.

3. I have thought this development worth reporting to you, as being indicative of the increasing importance which is undoubtedly being attributed to the English language and English educational ideals in Turkish official circles.

I have, &c.
GEORGE R. CLERK.

E 3515/533/44 No. 59.

Sir G. Clerk to Sir John Simon.—(Received June 30.)

(No. 241.)

Sir, *Angora, June 21, 1933.*

I HAVE the honour to report that the press of the 7th instant announced that General Ali Fuat Pasha had offered himself as independent candidate for a parliamentary vacancy at Konya, and that the Prime Minister had issued a manifesto to the secondary electors in that town praising the general for the services he had rendered for the national cause, and declaring that "he had followed the same path as the Gazi." This announcement followed a visit of Ali Fuat Pasha to Angora, in the course of which he was received by the Gazi, and there can be no doubt that, whichever of the two may have taken the first step, the President gave a hearty welcome to his old comrade in arms and fully approved, if indeed he did not inspire, his return to parliamentary life. On the 10th June the press announced that Ali Fuat Pasha had been unanimously elected independent Deputy for Konya, and he subsequently took his seat amid the applause of the whole Assembly.

2. This unexpected return to public life, under the highest auspices, of one of the "Opposition generals" is doubly interesting at the present time, firstly, because of the contrast afforded by the official attitude towards the most distinguished of their number, Kazim Karabekir Pasha, as reported in my despatch No. 180 of the 13th May last; and, secondly, because it is generally believed to indicate that the Gazi's desire for a parliamentary Opposition has survived the dissolution of Fethi Bey's Liberal party in the autumn of 1930. It will be remembered that that promising infant, whose putative father was Mustafa Kemal himself, was sacrificed to the alarm of Ismet Pasha and the People's party at the triumphal reception accorded to Fethi Bey in Smyrna. The few "independents" who, by the Gazi's wish, were presented with seats at the general election of 1931, have proved too spineless to form anything even remotely resembling an Opposition, and most, if not all of them, have joined or returned to the People's party. It remains to be seen whether Ali Fuat Pasha will give any more proof of real independence; but even if he be supposed to have any serious thought of creating an effective Opposition, which is very doubtful, it is not to be expected that he will succeed where Fethi Bey, the intimate and still highly-favoured friend of the Gazi, so signally failed.

3. A biography of Ali Fuat Pasha was included in the series of Turkish personalities enclosed in my despatch No. 36 of the 31st January, 1931. It will be seen from that biography that Ali Fuat Pasha was at one time Kemalist Ambassador in Moscow, and later Deputy for Angora and Vice-President of the Assembly. He subsequently became identified with the Progressive party and, in 1926, was arrested for participation in an alleged plot against Mustafa Kemal, but was acquitted. His present election as an Independent Deputy with the blessing and full support of the Popular party signifies that he fulfils the conditions laid down by the party as essential for independent candidates. These, as reported in my despatch No. 149 of the 30th April, 1931, are that such candidates must have national laic and republican principles and be sincere. Kazim Karabekir Pasha and Refet Pasha fell short of these requirements, and

were not allowed to become Deputies. If Ali Fuat Pasha has now been considered worthy, it means that he has wholeheartedly accepted the Gazi's primacy and policy, and that the Gazi is sure of him. The Gazi can therefore afford to be generous and give Ali Fuat Pasha freedom from the discipline and trammels of the Popular party and allow him, if he so wishes, to criticise and to oppose.

4. The press applauds the election of Ali Fuat Pasha, and attributes the support given to him by the Popular party to the fact that he has rendered great services to the State, to his upright character, and to the respect which he has always shown to the Gazi. It omits to say that others who have equally rendered great service cannot hope to be Deputies—even of the Opposition—because they do not show due respect to the Gazi, and it is obvious that this quality is the touchstone. The present independent Deputies do not fail in this respect, and the foremost among them, Halil Bey, Deputy for Smyrna, is usually the first to lead the House on any occasion when it becomes necessary publicly to acclaim or to congratulate the President of the Republic.

I have, &c.
GEORGE R. CLERK.